



Secret service agents pushing the wounded President into the safety of his armoured limousine immediately after the shots were fired. He was driven straight to hospital.

President Reagan shot in chest

President Ronald Reagan was shot and seriously wounded outside a Washington hotel this afternoon. Three men with him were also injured. Mr. James Brady, the White House press secretary, is said to be seriously wounded.

The President was operated on immediately, and the bullet had been lodged in his chest was removed. Witnesses said that he had walked into the hospital, holding his right hand against his left side, where one wound could be seen. The seriousness of the wound became known shortly afterwards.

Source on Capitol Hill reports that the President, who was given a blood transfusion before undergoing surgery, earlier reports stated that he had been conscious and speaking to his assistants and to his wife after arriving at the hospital.

Mr. Reagan had been addressing a convention of trade unionists at the Washington Hilton. As he left the building in a light rain at 2.30 pm, a man shouted "Mr. President" and opened fire. A secret service man immediately pushed Mr. Reagan into his car, and he was driven away. The vehicle was hit by a second shot.

Mr. Brady was hit in the head, a secret serviceman was hit in the chest, and a Washington policeman was also shot.

Soon after the shooting, Mr. Alexander Haig, the Secretary of State, announced: "I am in control here in the White House until the Vice-President (Mr. George Bush) returns here". He said all members of the

Cabinet had assembled in the White House situations room. The armed forces had not been alerted. No decisions about carrying on the government could be taken until the extent of Mr. Reagan's injuries were known.

cameramen kept watch outside the hospital, which is about a mile from the Hilton Hotel, and rather less than that from the White House. The television networks suspended their afternoon programmes and gave continuous live coverage of the event. The Stock Exchange in New York closed precipitously.

David Cross writes from the Washington University Hospital: A White House spokesman, who came out to talk to drenched reporters waiting outside the concrete and glass entrance here reiterated that the condition of the President was stable.

He said that the President was conscious and that Mr. Reagan was at his side. He also confirmed that Mr. Brady was injured, but was unable to say how badly.

Witnesses outside the hospital

said that the President had apparently walked into the hospital unassisted. It appeared that Mr. Reagan had not realized at first that he had been hit.

Outside the main hospital entrance, which was cordoned off by police, several dozen cameramen watched the comings and goings in one of the most torrential downpours that Washington has experienced for many months.

White House spokesmen promised that they would continue to relay bulletins on the President's condition and the conditions of the other injured officials in due course.

Wall Street stops: The New York Stock Exchange stopped trading minutes after news that President Reagan had been shot and wounded. Exchange spokesmen said.

Trading on the Mid-West Stock Exchange and on the Pacific Exchange options floor

Treasury denies economists' claim that Tory policies are damaging economy

Ministers yesterday challenged the outspoken and un-revered economists on the government's handling of the economy.

The Treasury took the usual step of a formal response strongly denying the academics' assertions that "Tory policies were damaging the economy and had no foundation in economic theory or in practice."

The text of the official response reads: "The Government has read with interest the points to which these 364 economists subscribe. The veritable, however, agrees with the substantial school of

Farmer in Brussels protest dies

From Michael Hornsby, Brussels, March 30.

A meeting of EEC agricultural ministers discussing wheat prices in farm prices this year was adjourned tonight after a French farmer's union leader was run down and killed outside the headquarters of the European Council of Ministers.

The man, identified as Roger Leveque, president of the Nord-Pas de Calais branch of the French Farmers' Union, was hit by a passing car.

He had been blocking the road with some 2,000 other vociferous demonstrators demanding even higher price increases.

Bank of England chief cautious on recovery

Mr. Gordon Richardson, the Governor of the Bank of England, has refrained from joining ministers in celebrating their victory against inflation and the decision to cut public borrowing. He said that if companies and individuals could cut costs by becoming more efficient, growth without inflation could be attainable. A cut in borrowing would take some pressure off interest rates.

Politicians' choice named Bishop of London

Clifford Longley, religious Affairs Correspondent.

An extraordinary tug-of-war between the Prime Minister and the Leader of the Opposition, on the one hand and Queen and the Archbishop of Canterbury, on the other, ended yesterday with the announcement that the Bishop of Truro, Dr. Graham Leonard, is to be the new Bishop of London.

Dr. Leonard was not the first choice submitted by the Crown Appointments Commission of the Church of England, it was yesterday. The Archbishop, Robert Runcie, is chairman of the commission, and spent time with Mrs Thatcher urging her to accept his advice.

Dr. Leonard, a controversial figure who has doggedly opposed several recent trends in Anglicanism, including the ordination of women, had most of the dignitaries of the diocese of London ranged against him. The five suffragan bishops, the Dean and Chapter of St Paul's, did not endorse his nomination. The favoured rival included the Bishop of Durham, Dr. John Habgood, and the Bishop of Wakefield, Rt Rev Colin James.

The question of principle as to whether men who opposed the present drift of church policy on certain key issues should be promoted to high office, or whether majority decisions of the General Synod of the Church of England should be regarded as decisive in shaping the church's leadership for the future. That has coloured by the strong es and dislikes that Dr Leonard seems to have inspired, friends calling him gifted and his enemies saying that he is too clever by half.

It is said by equally sound sources that the Queen felt the



Dr Leonard, Bishop of London elect, and his wife, Priscilla.

sion, Mr. Frank White, Labour MP for Bury and Radcliffe, was being named yesterday as the key man in bringing Mr Foot into the battle.

A highly placed churchman in the London diocese said after the announcement that it now remained to be seen whether those dignitaries who had threatened to resign if Dr Leonard was appointed would do so; and whether the Dean and Chapter of St Paul's would obey the formal instruction to vote for Dr Leonard at the chapter election.

Reformation. cathedral chapters have had little choice but to consent to the royal nominee. If the St Paul's chapter rebelled, it is difficult to say what would happen.

The situation could have arisen in 1973, when at least one canon of St Paul's declined to vote for Dr Ellison as part of the Anglo-Catholic protest at the election of Dr Leonard. Ecclesiastical lawyers said at the time that disobedience to the royal command constituted the offence of praemunire, which used to carry ferocious punishment but for which all penalties had now been repealed.

Dr Leonard himself stood apart from the controversy surrounding his appointment when he gave a press conference in London yesterday, expressing the hope that he could overcome any resistance to his appointment by personal contact.

He is 60 in May, and generally regarded in the church as one of its most intelligent figures. He has qualifications in both science and theology, and was a junior "bobby" in the Army during the Second World War. He studied at Balliol College, Oxford, and later at Westcott House theological college, from which he was ordained a priest in 1948.

Whitehall strike cost to taxpayer

Industrial action by civil servants has forced the Government to borrow an additional £800m to offset a reduction in tax revenue. Interest charges on this loan could be costing the taxpayer about £2m a week.

Domestic rates up by 19.6%

Domestic ratepayers will pay an average of 19.6 per cent more in England and Wales than in the year just ended, according to figures issued by the Rating and Valuation Association.

Stand on fish zone dropped

There were strong indications in the Commons that the Government had abandoned its stand that any agreement on the EEC common fisheries policy must include a dominant role for British fishermen in the zone around Britain.

Former Premier of Trinidad dies

News of the death of Dr Eric Williams, the Prime Minister of Trinidad and Tobago who died suddenly, on Sunday night, was delayed for 12 hours while President Ellis Clark appointed a successor.

Racial equality body criticized

The Commission for Racial Equality had been given the greatest powers in the Western world to combat racial discrimination but had not used them, an MEP said at an inquiry by a Commons select committee.

Leader page 17

Letters: On university cuts, from the Vice-Chancellor of Brunel University, and others; Social Democrat prospects, from Mr Richard Lamb; Auchinleck record, from Field Marshal Lord Carver.

Leading articles: The economists

Arts, page 11. John Russell Taylor on the Chantry Bequest and other new shows in London; Nicholas Shakespeare reviews John Coombe's 'The Chancellors';

Features, page 14, 15

Sir Robert Mark on the investigation of complaints against the

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Four killed as troops storm Indonesian air liner and free 44

From David Watts, Bangkok, March 30.

About 20 troops early this morning stormed the Indonesian Garuda Airways DC-9 being held by five hijackers at Bangkok airport and freed 44 hostages who had been held since Saturday.

[A Thai Government spokesman said that three hijackers and one passenger, a four-year-old child, were killed in the assault. Reuter reports from Bangkok.]

The attack, launched in the early morning darkness, was over in seconds. Heavy machine-gun fire was heard from the front and rear of the aircraft before the hijackers, and later the hijackers, came down the steps of the aircraft.

It is not known whether the 20 or so crack troops were Thai or Indonesian, but throughout the hijacking drama the Indonesian Government had been pressing the Thais to make such an assault. One unconfirmed report said that a commando assault had been practised over the weekend in Jakarta.

A single file of troops, wearing steel helmets and battle fatigues, advanced from directly behind the aircraft where they had been concealed. Moving slowly, they were able to advance on the aircraft without being noticed by the hijackers. Carrying aluminium ladders to gain access some went to the front of the aircraft and some to the rear. The passenger door was forced open, and heavy machine-gun fire broke out. Ambulances and fire engines moved into position.

The first hostage to appear was a small boy in white trousers walking down the front steps of the aircraft. Next came a woman and then the first of the surviving hijackers, hands in the air.

The hijacking began on Saturday, when the twin-engined airliner was taken over on a flight from Jakarta to Medan in northern Sumatra. So far, the identity of the hijackers is unknown, but the Indonesians say they are from an extreme Muslim group calling for Indonesia to pursue a pure form of the Islamic faith. It is understood that they may be linked with the group that assaulted the Mosque in Mecca last year.

The hijackers had been demanding the release of 20 prisoners in Indonesia and an airliner to take them to Sri Lanka. The Sri Lankan Government, however, had said it would not accept either the hijackers or the prisoners. Today the hijackers added another demand, for a ransom of \$500,000 (£220,000), and it became clear that the authorities were playing for time. It also became clear that the Indonesians had been less than sincere in promising to carry out the hijackers' demands.

Polish unions suspend strike after new deal

By Leslie Plummer.

A threatened general strike in Poland today was suspended last night by Solidarity, the independent trade union federation, saving the country from an industrial conflict that could have been unprecedented in the Communist bloc.

Negotiators led by Mr Lech Walesa for Solidarity and Mr Mieczyslaw Rakowski, the Deputy Prime Minister, for the Government talked throughout yesterday at Radzivil Palace in Warsaw in an effort to prevent the stoppage.

The immediate point at issue was Solidarity's demand for punishment of police involved in an incident on March 19 at Bydgoszcz, when Solidarity officials allegedly were beaten up by plain-clothes police.

Solidarity has called a meeting of its national headquarters in Gdansk to take a final decision on the strike call.

According to a joint statement, the communist authorities have agreed to put on trial and punish those responsible for the Bydgoszcz incident.

The Government will pay full the millions of workers who went on strike for four hours on Friday to back Solidarity's demands, and will set up a special commission to study the case of workers who wish to join their own independent union, and to submit proposals by April 5.

Solidarity promised to halt protests which caused tension, including occupation of public buildings, and to accept that police intervention in Bydgoszcz was partly justified by extreme tension in the city, where

farmers have been occupying a government building. But the Government promised to withdraw immediately special police units from Bydgoszcz.

Under the agreement, the Government also undertook to accept the need to limit the dismissal of the Bydgoszcz Deputy Governor, guarantee Solidarity's security and set up a commission to consider the union's demands in dissidents.

The union, on its side, has accepted the need to enter negotiations to create mechanisms for settling disputes without rousing the entire nation.

Several thousand people gathered outside the government building when talks were held to await the decision, and they lifted Mr Walesa's car into the air after it was announced.

"It is a great achievement," he told a news conference, "which shows that we are able to understand it and there will be objections." He added that he considered it to be a "70 to 80 per cent" success.

Many people helped us," he said, "and we have been able to solve the problem alone."

The Communist Party Central Committee met into the early hours yesterday seeking a way to end the strike. Several Polish politicians threatened to resign after strong criticism from the floor.

They were dissuaded, however.

But the struggle between the party's moderates and hardliners seems as far as ever from being resolved.

West's warning, page 8

MONDAY MARCH 31, 1981

Special Articles:

Weddings in 14th seldom made the news, but their ruby anniversary celebrations deserve the exclusive beauty of appropriate jewellery from Garrard. A wide and attractive selection of fine ruby jewellery from £450 can be seen in the showrooms, where you will be very welcome. Details will gladly be given on request.

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Republican stands down to leave Maze hunger striker favourite for Ulster by-election

From Christopher Thomas

Enniskillen, Co Fermanagh
Mr Robert Sands, the Provisional IRA hunger striker, is favoured to win the Fermanagh and South Tyrone by-election on April 9 after some intensive manoeuvring in the nationalist camp yesterday.

It is now a straight fight between Mr Sands, serving 14 years for possession of firearms, and Mr Harold West of the Official Unionists, a farmer, landowner, former MP and ex-Sigmund cabinet minister.

The Rev Ian Paisley's Democratic Unionist Party, fearing a humiliating defeat in a constituency where it traditionally has little support announced at lunchtime that it was not going to contest.

The executive of the Social Democratic and Labour Party, vote of the moderate Roman Catholics of Northern Ireland, also declared that it would not fight because it wanted to concentrate on the local election on May 1. It appears that while the local constituency party was anxious to field a candidate, the executive feared that it might perform badly.

But calculation, however, was

made before yesterday's events. Mr Noel Maguire, brother of Mr Frank Maguire, the late MP, withdrew his nomination 12 minutes before the 4 pm deadline.

Mrs Bernadette McAliskey, former MP for Mid Ulster, who had already declared her intention of standing aside, signed Mr Sands's nomination papers. There was a feeling in some quarters of the SDLP last night that it had been neatly outmanoeuvred by the more extreme element of the nationalist republican camp.

Mr Maguire said: "I have been told that the only way of saving the life of Bobby Sands is by letting Sands go forward in the election. I just cannot have on my own hands the life of another man. I am calling on my supporters to throw their weight behind Bobby Sands."

He denied that he had been coerced by Provisional Sinn Féin or others to withdraw. There is a nationalist majority of about 5,000 over the unionists in Fermanagh and South Tyrone, whose electorate of 71,481 turned out in a remarkable 58.9 per cent poll in May, 1979, and elected Mr Maguire

with a majority of nearly 5,000 over the Official Unionist runner-up.

He was elected as an independent, but was a staunch republican who, like his brother, supported the Maze hunger strike.

All that could stop Mr Sands being elected would be the abstention of many nationalist supporters who might be reluctant to vote for a man described as the leader of the IRA prisoners at the Maze, or for somebody who has already declared that if elected he intends immediately to resign.

A second by-election would clearly have to come after the local elections in May, and a larger field would then stand. But Provisional Sinn Féin, which is backing Mr Sands, says it would not fight a second time.

Mr West, former leader of the Official Unionists, claims most support in Co Tyrone, but in Fermanagh, which has only one town of any size, he does not command widespread support.

General election: Mr F. Maguire (Ind) 22,348; Mr P. Maguire (Ind) 17,431; Mr G. Maguire (Ind) 10,700; Mr J. Maguire (Ind) 10,567; Mr J. Maguire (Ind) 1,070; Ind majority: 5,487.



Children from St Barnabas School, Pimlico, London, studying pictures yesterday before a National Gallery quiz.

RPO dismisses general manager

By Martin Huckerby
Music Reporter

The Royal Philharmonic Orchestra has dismissed Mr Peter Diamond, its general manager, after a series of disagreements on the policy for running the self-governing orchestra. Mr Diamond, aged 67, has been general manager since November 1978.

His dismissal, which takes immediate effect, came at an acrimonious meeting of the orchestra's board last night, but it reflects differences between him and the remainder of

the board which go back many months.

When he was first appointed, after 13 years as director of the Edinburgh Festival, many in the musical profession doubted whether his independent style of management would fit easily into a self-governing organization.

Matters have been made more difficult by the orchestra's financial difficulties, in January the Musicians' Union came to its aid with a loan of up to £50,000.

His departure is yet another example of the uneasy relations

between London orchestral managers and players; the Royal Philharmonic has had seven different general managers in the past 15 years.

After seeing his solicitor yesterday, Mr Diamond said he could not make any statement yet, but he did observe that when he joined the Royal Philharmonic, he had been the most junior of the managers of the four independent London orchestras; when he left last week, he was the most senior.

—all the others had changed. Mr Diamond has not made any plans for the future.

National Theatre rejected £750,000 sponsorship

By Kenneth Gosling

A big commercial sponsor offered the National Theatre support totalling £750,000 but the offer was rejected because it wanted the theatre to distribute literature seeking custom from subscribers, Lord Rayne, chairman of the theatre's board said last night.

Giving evidence to the Commons Select Committee on Education, Science, and the Arts, he spoke of the risks in commercial sponsorship, particularly dependence on such money without having long-term security.

Lord Rayne told the committee, which is investigating public and private funding of the arts, that the theatre was recently offered £250,000 a year for three years.

He did not name the company but said that it was exploring alternative means of providing the same amount of commercial support without the same kind of commercial exploitation.

'Panorama' claim over Dublin summit

Mrs Margaret Thatcher and Mr Charles Haughey, Prime Minister of the Irish Republic, discussed a new constitution for Northern Ireland at the Dublin summit last December, it was claimed last night.

The BBC television pro-

gramme *Panorama* said the British Government does not want a united Ireland but a wider constitutional arrangement in which Dublin and Westminster would exercise a form of joint sovereignty.

The first step would be the

creation of an Anglo-Irish Council, with ministers and MPs from Westminster and Dublin, the programme said. The programme said the Government's strategy was to bypass the Unionist veto by talking directly to Dublin.

Avoid legal aid waste, justices' clerks told

By Marcel Berlins
Legal Correspondent

Lord Hailsham of St Marylebone, the Lord Chancellor, has issued a reminder to magistrates' courts to ensure that criminal legal aid gave value for money and was not granted unnecessarily.

In an administrative circular sent to all justices' clerks, Lord Hailsham canvasses a number of areas where, he feels, the system is wasteful.

It was essential to do everything possible to reduce the time spent by solicitors in court waiting for their cases to come up, he says. An analysis of the total cost of legal aid in the magistrates' courts, estimated at £40m this year, showed that about a fifth of the bill, £8m, was spent in paying for waiting time.

The Lord Chancellor urges closer co-operation in the listing of cases between solicitors and court officials.

Solicitors did not need to turn up at court every time their client was remanded, he says. Their attendance was unnecessary if the remand was formal.

Unnecessary duplication of work also gave rise to waste, he said. Applications by defendants to change their solicitors, or if there were more than one

defendant, for separate legal representation, should be investigated carefully.

Applicants for legal aid were entitled to have doubts arising from their claims resolved in their favour, but they are not entitled to the benefit of those doubts on the strength of vague applications, the circular says. If the ground claimed for needing legal aid is that conviction would result in the real possibility of a prison sentence (one of the criteria for granting aid) the applicant should specify the reasons why the jeopardy existed. It should not be enough merely to state the ground.

In general, Lord Hailsham says that "decisions on the grant of legal aid should be taken on the basis of an adequate knowledge of the facts, and the arrangements must be such that the courts are properly acquainted with the precise nature of the charges and the grounds of the application, if necessary by calling on the prosecution for information."

The Lord Chancellor emphasizes that he has not yet reached any conclusions on wider-ranging changes into the criminal legal aid system, which his department has been considering.

Union advises BL staff to ignore dismissal

From Clifton Webb
Birmingham

While car unions at BL are planning a new confrontation with management tomorrow over compulsory redundancies at the group's Longbridge car plant.

The have advised staff employees whose redundancy notice, expire tonight to present themselves for work as usual. If they are refused admission or ejected the unions have threatened to step up industrial action, which included a two-day strike by most of the 500 staff last week and a long running ban on overtime working.

Mr William Lithwaite, Longbridge chairman of the Association of Professional, Executive, Clerical and Computer Staff (APCCS), said, "If BL attempts to throw workers off the plant we will all come out and stay on."

The issue could become a stalemate however if, as seemed

likely last night, management avoids a confrontation by allowing the redundant men to enter the factory and sit doing nothing. The hope would be that they would soon tire of reporting for work and not getting paid.

Shop stewards said feelings were running very high among staff and it was possible that selective strikes would begin today as a warning.

BL said that 102 compulsory redundancy notices were issued last Tuesday to become effective tonight. Men were told they could leave sooner if they wanted and about half that number had gone.

"Management has no intention of reversing its decision", the company said. "Similar redundancies have been accepted without trouble at other plants in BL Cars."

By tomorrow BL will have completed the 4,250 staff redundancies originally sought. It is understood that only 500 were compulsory.

Rastafarian 'died from negligence of authorities'

By a Staff Reporter

An independent committee of inquiry set up into the death of Richard Campbell, aged 19, black Rastafarian, in Ashford Remand Centre last year has decided that he died from the negligence of the authorities.

The report of the inquiry, ordered by Battersea and Wandsworth Trades Council, is to be presented to Lord Belad, Under Secretary of State for the Home Office, today. It rejects the coroner's verdict

17,000,000 meals served on wheels

The Women's Royal Voluntary Service last year supplied 17,000,000 meals on wheels to homes and luncheon clubs as part of its expanding service to the deprived, elderly and handicapped.

The group also issued nearly 1,500,000 items of clothing to 234,000 people.

The annual report announced that the new chairman, after the resignation of Lady Pike, would be Mrs Barbara Shenfield, vice-chairman since 1975.

Dinghy couple criticized

A couple's failure to take elementary precautions before sailing into the Atlantic in a rubber dinghy led to a tragedy, which one of them drowned, sheriff ruled yesterday.

Giving his verdict at Oban Sheriff Court after a fatal accident inquiry into the death of Margaretta Zehnder, of Gart, West Germany, Sheriff Donald McDiarmid said: "Zehnders appeared to be oblivious to the fact that their intentions, they flung out into the open

"They were not wearing waterproof clothing nor carrying life jackets or distress flares. It is almost unbelievable that two responsible adults did not consider any of these elementary precautions necessary."

Mrs Zehnder's body was found near the island of Coll a day after she and her husband, Robert, left the island of Mull to sail around Iona.

"Mr Zehnder said his wife was at the rudder when the boat overturned in the wind," the sheriff said. Police examined the dinghy later and found the pin securing the mast has snapped

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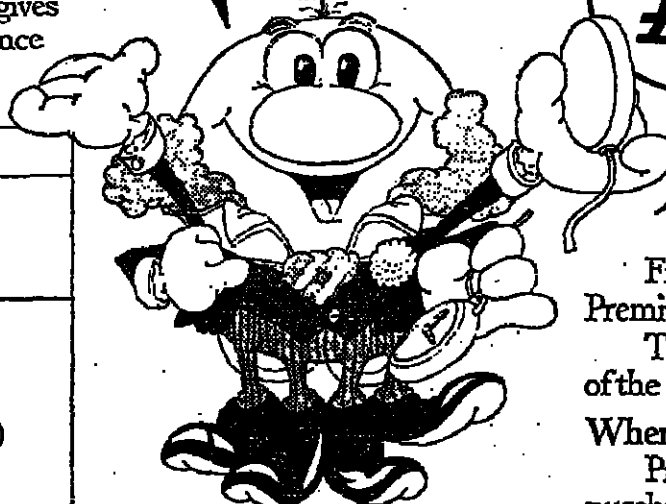
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It is always needed, but you cannot learn anything in a few weeks."

He wants to run two-week courses during which craftspeople can learn difficult tasks. He is particularly interested in wood carving and stone carving; he wants to form a group good enough to restore cathedrals and churches.

He hopes to develop two or three tapestry workshops, which will involve a line series of tapestries after drawings by Henry Moore. He also plans to teach William Blake's "Illustrations to Songs of Innocence and of Experience." Interpreting the "Job" in tapestry is a project that brings a gleam of excitement to his eyes.

What started this extraordinary man on a lifetime of patronage of the arts? "I started by asking myself what do the Russians do?" They appear to have a comfortably taken care of medical and scientific research. So he plumped for art and conservation. "I have a passion for trees," he says.

"I planted my first forest at 14. Now he is conserving the Mexican jungle.

... "Baigneuse debout", which made
last night, a record for the artist.

Print by Lady Lucan

... y Lucan plained the new editor, Mr.

Outlining Miss Butterworth's meetings with Lady Lucan, Miss Burton said the publication of the article was in its own way wished her well.

article contained nothing particularly original and was described as an interview although *Woman's Own* tried to make it appear as contemporary as possible.

At an oral inquiry Miss Bolton said they were justified in presenting an updated feature adding colour to material already available without direct quotes. The one direct quote was innocent and was based

Asked whether Lady Lucan quoted remarks did not give the impression of an interview, the editor said some elements of the article were to give the impression of meetings but not an interview with many quotes.

Extracts from the Press Council's adjudication, are:

There is no doubt that Lady Lucan gave *Woman's Own* no interview.

**Moonies' ca
expected on**

After six months of evidence from more than 100 witnesses, the jury in the libel action involving the Unitarian Church for Moonies) and Associated Newspapers at the High Court retired yesterday to consider its verdict.

The jury deliberated for an hour before retiring to an hotel for the night, and is expected to return its verdict tomorrow.

to deliver a verdict today, after 100th working day of the trial.

Mr. Dennis O'Connell, aged 41, the leader in Britain of the Moonies, is claiming damages over a *Daily Mail* article of May, 1973, alleging that the Unification Church brainwashed converts and broke up families. Libel is denied.

Total costs in the case, which is being seen as a test case,

Mr. Justice Conn. summed up for the third day yesterday

Saudia-Leyland win again using Mobil engine oil.

Congratulations to the
Saudia-Leyland racing
team on their victory in
the Brazilian Grand Prix,
following their triumph
in the US Grand Prix (West).

Mobil

Race group accused of not using powers

By Lucy Hodges
Mr Alexander Lyon, Labour MP for York, said yesterday that the Commission for Racial Equality (CRE) had been given the biggest powers in the Western world to combat racial discrimination but had not used them.

He was questioning Mr David Lane, the commission's chairman, and five other senior CRE officers at the opening session of the inquiry by a Commons subcommittee into the commission's operation and effectiveness.

The CRE, which was closely questioned, was accused of not paying enough attention to its law enforcement role. "What have you done with these powers?" Mr Lyon asked. "Out of 224 staff you have 53 in the equal opportunities division, of whom only four are legally trained."

"In four years you have announced 45 strategic reviews out of which you have completed 10 and those are the least important," he said. Mr Lyon said it would have an immense effect on race relations if the CRE could produce an important document showing that British Leyland or Massey Ferguson was discriminating in relation to language testing. It would also have a ripple effect.

The commission is formally investigating both companies for alleged racial discrimination in recruitment. It has also issued a non-discrimination notice against British Leyland.

Mr Lane totally rejected the criticisms. He said the commission had done useful law enforcement work but the CRE's promotional role, persuading local authorities and employers to pursue certain policies, was a vital supplement.



"We gave you the biggest powers in the Western world in relation to law enforcement. What have you done with them? Out of 224 staff you have only four who are legally trained."

Mr Alexander Lyon



"It looks as if the CRE is a soft touch for any karate club whose members are black or coloured. How can you justify acting as a kind of coloured Sports Council?"

Mr George Gardiner



"We cannot transform the race relations scene on our own. The rate of progress will depend not only on our effectiveness but on the vigorous involvement of others, particularly government."

Mr David Lane

GRANT-AID DISBURSED BY THE CRE

The following project-aid grants were approved by the commission in 1980:

Burdett Toy Library—Multi-Racial Home Project	£600
Black Theatre Cooperative—Mama Dragon	500
Dominican Joy Spreaders—Cultural Club	500
Ebony Steel Band—London W2 Notting Hill Carnival (80/81)	1,000
Housewives in Dialogue—London	950
Islington Under Two Working Party of the Islington Under-Fives Group	600
Progressive Writers Association, Southall	2,300
Polish Folk Dance Group—Slough	1,250
Rastafarian Advancement Society—Football Team	300
—Film Club	300
Union of Muslim Organisations in UK and Eire—salary	7,899
World Punjabi Conference	2,300

"In our judgment and in the judgment of the commissioners, we would be very irresponsible indeed if we neglected the changes we would bring about in our promotional work."

Mr Lane quoted the results, just collected, of an Opinion Research Centre survey which found that 61 per cent of people had heard of the CRE, of whom 40 per cent said it was doing a

CRE's Investigations

1. Pembroke and Pembroke employment agency
2. London Borough of Hackney's housing
3. National Bus Company
4. Amari Plastics
5. Smith and Nephew Associated Companies
6. Unigate
7. Berkshire's education policy
8. Second Collingwood Housing Association
9. Slough local authority
10. Chubb and Sons
11. USMC International
12. Prestige Group
13. Massey Ferguson Perkins

CRE funded. "What benefit to race relations is £900 to the Burdett Toy Library?" he asked. Mr Gardiner questioned £500 to the Dominican Joy Spreaders Cultural Club and £950 to Housewives in Dialogue.

"It looks as if the CRE is a soft touch for any karate club or theatre group whose members are black or coloured. How can you justify acting as a kind

BL Cars

15. Percy Ingle Bakeries
16. Zone Insurance Co
17. Allocation of public housing with reference to work permit holders
18. Hillingdon local authority housing
19. Phillips Electronic and Associated Industries
20. Bondina and National Union of Dyers, Bleachers and Textile Workers
21. Dunlop polymer engineering division
22. Birmingham area health authority
23. Mortgage allocation in Rochdale

of coloured Sports Council?" Mr Clifton Robinson, the commission's deputy chairman, said all the grants were carefully scrutinized.

Mr Lyon suggested that the commission should drop the £1m of its £7m budget it gave to such groups and put it to better use on law enforcement. The Race Relations and Immigration Subcommittee,

Rank Leisure Services

24. Rank Leisure Services
25. Birmingham education authority
26. Brook Street Bureau
27. Taxis in Birmingham
28. West Yorkshire passenger transport executive
29. Walsall local authority housing
30. Tottenham trades and social club
31. Westminster city council and NUPE dustmen
32. Symbion community council for treatment of gypsies
33. Home Office, immigration service
34. To be announced.

which is chaired by Mr John Wheeler, Conservative MP for City of Westminster, Paddington, will be visiting the CRE's next week and Mr Wheeler said it would like to look at some of the commission's files.

Mr Lane said the CRE could not transform race relations on its own and need the help particularly of central government.

New party 'unlikely to abolish the independent schools'

From Diana Geddes
Sheffield
The Social Democrats were unlikely to seek to abolish the independent schools, but might remove their charitable status and encourage their integration within the maintained sector, Mrs Shirley Williams said yesterday.

Addressing the annual conference in Sheffield of the Secondary Heads' Association, Mrs Williams said that she was in favour of abolition. "I have been driven back to this in despair," she said, but she knew that she was undeniably "the most way-out of the Gang of Four" on that point.

She thought that her colleagues would go along with the abolition of charitable status and the offer of integration within the maintained sector, but not with the abolition of all fee paying. "And I am willing to go back again and try," she added.

However, she deplored the highly segregated nature of British society. It was a tragedy that, outside the world of film and pop music, we simply did not know how to speak to one another. She believed that those divisions in society grew all too easily out of the segregation of pupils in independent and maintained schools.

She urged independent schools to do more to help bridge that gulf by, for example, setting up exchange visits under which a comprehensive school pupil would board at an independent school for one or two terms, and an independent school pupil would attend a comprehensive school and lodge with a family with a totally different background from his own.

The best of the independent schools were deeply worried about the growing alienation between themselves and mainstream schools, and about the decline in resources in the state sector, she said. She believed that some independent schools would be willing to become sixth form colleges within a maintained system.

Mrs Williams went on to put line an embryonic education policy of the Social Democrats. They were committed to the comprehensive reform of secondary schools, but had not decided what to do about those authorities which wanted to retain their grammar schools. She felt a wide variety of solutions might be possible, but in her opinion all would have to involve the abolition of selection.

Within a comprehensive system, however, parents should be given as wide a choice of different types of school as possible. They should, for example, be able to choose between schools of different denominations, whether single sex or mixed, and of different styles and disciplinary procedures, though she would ban all corporal punishment.

For 16 to 19 year olds, he favoured the establishment of tertiary colleges combining vocational and academic courses, and the phasing out of sixth forms.

Turning to examinations, he called for the replacement of all public examinations at 6, with a mixture of internal school examinations, continuous assessments, and pupil profiles. She also called for a broadening of the A level curriculum so as to include at least two minority subjects, so as to ensure a mix of science and arts for each pupil. For all A-level pupils, she favoured a "foundation" year which would include up to two thirds broad vocational training.

It was "madness" for Britain to have so many unskilled school-leavers when almost all new job opportunities were or skilled teenagers in Germany more than 90 per cent of youngsters went through a three-year training, compared with only 16 per cent getting any training in Britain.

On local government finance, Mrs Williams said that the Social Democrats wanted to replace the rating system with one based on local income at

Fitter on murder charge

Richard Andrew Barnes, aged 21, an office fitter, was accused yesterday of murdering Mrs Heather Anne Bridge.

Mr Barnes, of no fixed address, appeared before the Birmingham stipendiary magistrate. He was remanded in custody until April 7. The body of Mrs Bridge, aged 39, of Melbourne Road, Walsford, was found in the boot of a car outside a bookshop in Digbeth, Birmingham on Friday.

Parents to be told about school choice

More information for parents choosing a school for their child is to be made available under regulations which the Department of Education and Science hopes to publish by Easter.

The regulations, now in draft form, will lay down the minimum level of information that local authorities and school governors will be free to add more.

Local authorities, teacher unions, parents and other interested groups have been invited to comment.

Local education authorities will have to publish general information about their policy and arrangements for primary and secondary education, at least details of their admissions and appeals arrangements.

Detailed information about individual schools required to be published will include: the curriculum; subject choices; the way the school is organized; policy on discipline; the wearing of uniform; the main extra-curricular activities; policy on entry for public examinations; recent GCSE O and A level and CSE results and pupil numbers.

Welsh pupils have high failure rate

From Tim Jones
Cardiff
Almost a quarter of the children in Wales leave school after 11 years of full-time education without a single qualification, according to Welsh Office figures.

Mid Glamorgan, where more than 100 of the schools were built at the turn of the century, has by far the worst record. In that county a third of the 37 per cent of boys who leave school with nothing do not even bother to sit examinations and 32 per cent of the girls failed to get a single pass.

In rural Powys the next worst county, the failure rate is 25.9 per cent for boys and 23.8 for girls. Dyfed, another rural county, has the best record with just over 18 per cent.

Yet even that does not compare favourably with the worst English region, the West Midlands, which has an average of 16 per cent of pupils registering failure. England's overall percentage is 12.7.

However, in Wales GCE and CSE examinations in the same subject coincide, preventing children from having two chances of gaining qualifications.

Of the brighter pupils 23.9 per cent in Wales get five GCE O level higher grades compared with 24.8 in England.

Speaking at the opening of the union's national conference in Blackpool, he said: "Despite being an affable man, he is proving to be the biggest disaster that we have ever had at the helm of the department, spending hundreds of millions to transfer dons into early retirement, and presiding over the running down of large sections of the education system."

The union should seek actively to involve trade unions and other sections of the community in its campaign against the cuts in further and higher education, he told more than 1,000 delegates representing the union's 1,200,000 members.

Unless large sections of the people were won over regarding post-school education as essential, the students' cause would suffer not just under the present government, but under any government, whatever its complexion.

"We cannot do it on our own. Just as we must support those trade unions fighting for jobs, we must urge them to take up the cause of education. We must build on our link with the TUC and with trade councils," he said.

The union would launch a national campaign involving joint demonstrations, house-to-house leafleting and market place stalls to explain its action. Where colleges sought to close departments, students would "go in and take them over," he said.

Mr Carlisle a disaster, student leader says

By Our Education Correspondent

Mr David Aaronovitch, president of the National Union of Students, last night called on Mr Mark Carlisle, Secretary of State for Education and Science, to resign for having allowed education to bear the "lion's share" of the Government's spending cuts.

Speaking at the opening of the union's national conference in Blackpool, he said: "Despite being an affable man, he is proving to be the biggest disaster that we have ever had at the helm of the department, spending hundreds of millions to transfer dons into early retirement, and presiding over the running down of large sections of the education system."

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The companies would have duped out of more than £1m over five years by a couple who borrowed cash to buy caravans for hiring to holidaymakers. Exeter Crown Court was told yesterday.

The companies would receive bogus invoices giving details of the caravans. But the caravans did not exist, Mr Julian Priest QC, for the prosecution, said.

Mr Priest said Mr Hopkins was the wife of Mr Conway Hopkins, "with whom you are not concerned in any way". In partnership, they ran a business letting out caravans and holiday homes, trading as P & C Holiday Homes.

Mr Evans traded under the name of Evans Caravans, the firm through which the financial companies were defrauded and the caravans would be obtained.

Magistrate's resignation
Mr Albert Sykes has resigned from the magistrates' bench at Luton, Bedfordshire, after police were making inquiries about the Arno Shopping Centre, of which Sykes is manager for City Properties.

It is believed that the inquiry involves the building materials

ON 5 APRIL WE'LL ALL BE COUNTED BECAUSE WE ALL COUNT

Census 1981 will be our 18th full national census. It is the shortest, simplest census for fifty years.

We have had a census every ten years since 1801, with the exception of the Second World War.

At first, it simply told us how many people were living in the country and their occupations. Nowadays, it tells us much more.

For instance, Census 1981 will show the numbers of people and families, how many children, elderly people, and single parent families are living in each area. It will give the facts about the sort of jobs people are doing, how they travel to work and how they are housed.

These facts are needed for running such things as the social services, the health service and education to make life better for all of us.

Who has to take part?

Everyone.

Some time this week a census Enumerator will deliver your census form and the explanatory leaflet. If you

have any questions about the form, your Enumerator is the person to ask.

On 6 April, or soon after, the Enumerator will call to pick up the completed form and to help you if you have had any difficulties filling it in.

Who will see your census form?

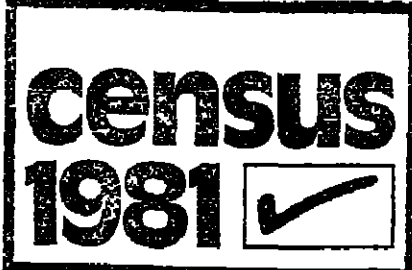
Your completed census form will be treated in strict confidence.

Nobody, except the people who work for the Census Office, will know what you put on your form and they have been sworn to secrecy.

Your name and address will not be fed into the computer that processes all the facts and figures.

Then, your census form will be locked away.

For 100 years.



Issued by the Census Office (Office of Population Censuses and Surveys).

The American pilot and co-pilot of this Lockheed Jetstar were injured when the aircraft overshot the runway at Luton airport in dense fog on Sunday night. A Nigerian family of seven escaped unhurt.

Midland network of water pipelines 'will save £10m'

From Arthur Osman
Birmingham

The Severn-Trent Water Authority, the second largest of the 10 authorities in England and Wales, is expected to approve the construction of a network of pipelines to switch surplus from one area to another in time of need and to make maximum use of the cheapest sources of water.

The authority said yesterday that £10m of work needed to be done to use resources more efficiently and to be more flexible. It would lead to savings of £10m during the next five years.

By interlinking rivers, existing resources and boreholes, several concepts laid down in the past were "unlikely to be needed in the foreseeable future." Among those were Severn-Trent's involvement with the Welsh Water Authority in the vast development to enlarge the Craig Goch reservoir in the Elan Valley.

It was envisaged that that scheme would have cost about £100m and the Thames and Wessex authorities had also expressed an interest in it at one stage.

Mr Brian Scarlett, chairman of the working party of the authority's water management committee, said that they would not be needing the water this century.

the river Derwent, the transfer of greater quantities from Rutland Water and the possible use of water from the river Trent for drinking.

The main points of the new strategy were the Carnington reservoir, near Ashbourne, Derbyshire, which by 1985 would make an extra 50 million gallons a day available; the use of boreholes in north Shropshire to allow an additional 62 million gallons to be taken from the River Severn and a new pipeline between the West and the East Midlands to link the main sources of the Severn and Trent catchment areas.

The Shropshire plan is awaiting approval by Mr Michael Heseltine, Secretary of State for the Environment. About 75 boreholes would be constructed.

The "umbilical cord" pipeline between Coventry, Nuneaton and Leicester will be laid over the next four years at a cost of £10m and will carry 20 million gallons a day.

An interchange of water of various qualities would pay special attention to the requirements of brewing at Burton on Trent and the dyeing industry at Nottingham.

It was said the authority had a flexibility to blend waters. During the 18 months that the working party studied consumption in the region it fell because of the recession, and although demand had grown during the seven years that the water authorities had been in existence, the growth had been less rapid than envisaged.

Court told of £1m holiday caravan fraud

Finance companies were duped out of more than £1m over five years by a couple who borrowed cash to buy caravans for hiring to holidaymakers. Exeter Crown Court was told yesterday.

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21 executed by firing squad in Tehran

Tehran, March 30.—Twenty-one people were executed by firing squad in Tehran today, 16 of them in public, for smuggling, drug offences and brothel-keeping.

They had been found guilty by a revolutionary tribunal of being "the corrupt of the earth," and of "waging war on the Islamic Revolution," Tehran newspapers reported.

Among them were five women, executed in Qasr prison for drug-dealing and prostitution.

Six men, convicted of running disorderly houses, were shot in the south Tehran compound which once housed the city's local brothels. These were closed, and the compound bulldozed, after the 1979 revolution.

The other men were executed in two groups of five in streets in southern and central Tehran.

Several hundred people have been put to death since the revolution, many of them after conviction by the former ruling regime.

Execution by firing squad was used in the recent months at the rate of executions has declined considerably. It is believed to be at least a year since there has been a public execution on this scale in the capital.

In the town of Hamadan, 230 miles south-east of Tehran, a man and a woman were also executed by firing squad early today. The official Pars news agency said they had been found in possession of over 9lb of heroin and morphine.

Peace mission: A high-ranking Islamic mission, seeking to end the war between Iran and Iraq, began negotiations with Iranian leaders today. But the state radio declared that the country would not reduce its peace demands.

The mission, formed by the Islamic Conference Organization (ICO), arrived in Tehran this morning and its leaders, President Sekou Touré of Guinea, had talks soon afterwards with President Bani-Sadr.

The delegation includes the presidents of Gambia, Bangladesh and Pakistan, the Turkish Prime Minister and the Palestinian Liberation Organization leader, Mr Yasser Arafat.

President Bani-Sadr yesterday repeated Iran's three conditions for a ceasefire: simultaneous ceasefire and withdrawal of Iraqi troops from Iranian territory; investigation to responsibility for the aggression; and settlement of the dispute on the basis of the 1975 Algiers accord.

The Algiers accord fixed the disputed southern border between Iran and Iraq as the middle of the Shatt al-Arab waterway. Iraq is demanding full control of the Shatt.

Economic alarm: In a bleak view, President Bani-Sadr said Iran's economy is in acute recession with production falling and money supply increasing alarmingly. His statement said Iran's gross national product declined 9 per cent in 1978, 13 per cent in 1979 and not less than 10 per cent last year—Reuters.

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US fails to persuade Japan over bigger defence role in Pacific

From Peter Hazelhurst
Tokyo, March 30

An attempt by the United States to persuade Japan to build up its armed forces and take a greater responsibility for the defence of the Pacific Ocean will be rejected by the Japanese Government, a senior official in the Foreign Ministry said today.

The official said that Mr Caspar Weinberger, the American Defence Secretary, had asked Japan last week to expand its anti-submarine network, and take on a greater responsibility not only for its own sea lanes, but also for a vast area of the north-west Pacific.

The request was made when Mr Weinberger met Mr Masayoshi Ito, the Japanese Foreign Minister, in Washington last week, but it cannot be done, the official said. "Under the terms of our constitution, drawn up under the supervision of the American Occupation Forces, Japan's self-defence forces cannot operate outside Japan," the official said.

It is understood that Mr Ito informed the United States Government that Japan would attempt to defend 1,000 miles of the Pacific covering the country's immediate sea lanes, but it could not agree to defend the entire zone of the north-west Pacific.

The Japanese armed forces are committed to the defence of the country's sea lanes stretching 1,000 miles south from the ports of Tokyo, Yokohama, Osaka and Kobe.

The actual zone of Japanese responsibility for the Pacific as envisaged by Mr Weinberger extends beyond Japan's territorial waters 1,200 miles to the island of Guam.

Mr Ito is also said to have pointed out that if Japan did agree to take on the responsibility for anti-submarine patrols in the entire zone of the north-west Pacific, the Government would have to revise the country's highly controversial defence plans.

Mr Zenko Suzuki, the Prime Minister, has made it clear that his Cabinet will refuse to revise the defence plan or amend the country's constitution.

In an interview to be broadcast shortly before he travels to Washington to meet President Reagan in May, Mr Suzuki is reported to have said that Japan will improve the quality of its defence forces without violating or amending the constitution.

Prodded by American complaints that Japan is enjoying a free ride under the umbrella of its security treaty with Washington, Mr Suzuki said his Government would increase defence expenditure from 0.9 per cent of GNP to 1 per cent within four years.

But Western diplomats claim that the assurances are a mere sop.

An American diplomat said: "If Japan is going to raise its defence spending to a level of 1 per cent of its GNP within four years the Government will have to expand the defence budget by a minimum of 15 per cent annually for the next four years—and that will not happen."

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The Duke of Edinburgh speaking at a World Wildlife Fund reception in Hongkong, with a giant panda portrayed in the background.

Uganda Army is accused of killings

From Our Correspondent
Nairobi, March 30

The Uganda Army is being accused of indiscriminate

killings on the population for recent guerrilla attacks by groups opposed to President Milton Obote.

The bodies of 40 civilians, including a teenage schoolgirl, were recovered by relatives in the Namanve forest, six miles east of Kampala, at

the weekend. All had been shot dead. The forest was notorious as a dumping ground for people murdered during the Amin era.

Local residents, searching the area for the bodies of relatives who had disappeared during Army sweeps in areas where guerrilla attacks took place recently. According to one eyewitness, at least 10 more unidentified bodies were lying in the forest.

Food as weapon: President Obote said in his speech that he would stop essential imported commodities going to areas where people are supporting anti-government dissidents, according to Uganda radio. The President made it clear that he was thinking especially about the Baganda tribe areas around Kampala (AP reports from Kampala).

But the Socialist members of the Cabinet apparently rejected the package. These draconian proposals were made after a week in which the Belgian Government came under increasingly intense pressure to devalue the franc against other currencies in the European Monetary System. The Belgian National Bank is thought to have spent 21,000 francs (226cm) in support operations over the last two days of last week.

International discomfiture with the franc reflected disappointment at the scale of spending cuts announced by the Government after another emergency cabinet session held only a week ago. The decision by the National Bank to raise its interest rates last week also failed to boost the currency.

Belgian currency is vulnerable mainly because of Belgium's very high level of Government debt. By the end of February this had mounted to more than 2,000,000 francs.

On the other hand Belgium's inflation record has been consistently better than the Community average. But last month the annual rate of inflation suddenly rose well above the 7 per cent level. This increase may have stiffened Mr Martens's resolve to tackle indexation, but it has also added plausibility to market suggestions that a devaluation of 10, 12 or even 15 per cent cannot long be avoided.

'Tomahawk' on target

Point Mugu, California, March 30.—A Tomahawk cruise missile, launched under water, succeeded in hitting a land target 300 miles away, the United States Navy announced today.

Seamen missing

Tarragona, March 30.—Five of the 31-man crew of the 12,700-ton Greek tanker Kavo Kambanos, ablaze off the Spanish port of Tarragona, were reported missing today.

Zurich youth given back their centre

From Our Correspondent
Geneva, March 30

Zurich's fringe youth movements, responsible for frequent Saturday night disorders over the past nine months, have obtained official assent to the re-opening of their AJZ (Autonomous Youth Centre) in the Limmatstrasse, closed by police last September.

The decrepit three-storey building, once a municipal depot and offices, has been the focus of repeated clashes between police and demonstrators who occupied it for 36 hours earlier this month before again being evicted.

The agreement to let them return has been negotiated with the municipality by representatives of the Protestant and Roman Catholic churches and of Pro Juventute, a long-established youth body.

The municipality will make available the equivalent of 2250,000 for refurbishing the premises which will also provide community-type dormitory accommodation.

The public, keeping their fingers crossed, hope this means the end of inconvenient weekend disorders with damage to property.

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Invasion would sever aid from West US and Bonn agree

From David Cross
Washington, March 30

Before the assassination attempt, President Reagan today spoke by telephone to West German Chancellor Helmut Schmidt, the West German leader agreed that any measures by the authorities in Warsaw or Moscow to repress the Polish workers would mean the end of Western economic aid for that country.

Announcing this at the White House today, Mr Reagan's spokesman said that the President had spoken to Herr Schmidt for about 15 minutes this morning on the delicate situation in Poland.

"With the President and the Chancellor feel that in the event of suppression being applied either externally or internally in Poland, it would be impossible to render further economic assistance to Poland."

He added that Herr Schmidt had also spoken by telephone to President Giscard d'Estaing of France about Poland. The situation in the country continued to be fluid and Washington was watching developments very carefully, he added.

The disclosure of the private telephone conversation between Mr Reagan and one of this country's most important allies was highly unusual since the Administration has been very careful to keep diplomatic contacts out of the public eye. It underlines the significance which President Reagan and his foreign policy advisers attach to deterring any Soviet invasion of Poland.

While broad spectrum of activity here continues to monitor the tense Polish situation apprehensively, a senior member of Congress has warned Moscow that a military tilt towards communist China by Washington would most likely follow a Soviet invasion of Poland.

In a television interview broadcast here over the weekend, Senator Charles Percy, the moderate Republican chairman

of the Senate foreign relations committee, said that when President Carter was in office last year, the White House asked the Pentagon to prepare a list of lethal weapons and equipment which could be sold to Peking in the event of a Soviet intervention in Poland.

After the interview, Mr Zbigniew Brzezinski, who was Mr Carter's National Security Adviser, issued a statement confirming the general thrust of Senator Percy's remarks.

Senator Percy said that the possible use of the so-called "China card" would probably have "the most meaningful and significant" effect on Moscow in considering whether or not to send the tanks into Poland.

The sale of lethal military equipment to Peking was obviously an option which would be considered by President Reagan and his advisers if Moscow invaded Poland, he added.

Although Washington has agreed to sell the communist Chinese auxiliary defence equipment, like transport and communications equipment, policy in Washington is to decline any requests for lethal weapons.

President Reagan and his foreign policy advisers have refused to rule out any possible retaliatory measures against Moscow in an effort to keep all their options open.

In another television interview yesterday, Mr Caspar Weinberger, the Secretary of Defence, told reporters that any American response would cover "a broad spectrum of activity—political, economic, diplomatic."

Amid all the concern about Poland, however, the Administration here has not abandoned hope of a peaceful outcome.

Mr Alexander Haig, the Secretary of State, said yesterday in yet another television interview that Soviet intervention in Poland was still "neither imminent nor inevitable."



Mr James Brady, the presidential press secretary, lies wounded while police wrestle with the gunman after the attempt on Mr Reagan's life.

Polish party blames the leadership

From Dossa Trevisan
Belgrade, March 30

Representatives from the factory floor, who habitually endorse their leaders' policy without even speaking, stood up in the Polish Communist Party Central Committee meeting in Warsaw last night and denounced the highest party authorities for failing to respond to the demands of the nation's rank and file.

Their actions revealed how deep is the gap between the Communist leaders and the party base, and it showed clearly what dangers lie ahead.

Mr Olszowski, the controversial Politburo member, warned the angry members that there were "universal principles for countries of real socialism."

By this he meant that within the Soviet block there are definite limits beyond which no communist party can reform

itself—that any challenge from the base or innovation at the top is regarded as dangerous since it could lead Moscow to conclude that the party was about to disintegrate.

However, the workers' delegates were in no mood to stay silent. They declared that they would "never act" against the class they came from. And they told the leaders point-blank that their local party organizations had ignored the leadership's instructions to abstain from last Friday's warning strike called by Solidarity. They were fully aware, they said, that they were violating party discipline; but equally they were conscious that they were in separately linked with the working class.

Mrs Jadwiga Nowakowska, a worker from Lodz, accused the old power elite of wanting to turn the clock back. The rank and file, she said, would resist

all provocation that might push the party on the "road of violence". She accused the leadership of deliberately misleading the public and informing party members to dramatic and unnecessary temptations.

A woman worker from Wroclaw talked of police action in Bydgoszcz as "a brutal violation of constitutional and civic rights and freedoms". Why could the leaders not listen to the voice of reason, she asked. In her opinion they were not listening to the basic organizations.

A worker from Bydgoszcz said that this was the last chance for the party. If it failed and tragedy ensued, society will never forgive not only the highest party echelons but the party itself.

That was why the Politburo could not decide on the fate of the rank and file without consulting the workers themselves.

Daunting Middle East mission for Mr Haig

By Richard Owen
Washington

The arrival in Cairo on Thursday of Mr Alexander Haig, the Secretary of State, will be the first test of whether the Reagan Administration has a clear Middle East policy.

The early days of a new administration are often chaotic, and the emphasis currently laid by Washington on its "coherent" foreign policy is a sure sign that coherence is just what it lacks.

But in the Middle East, at least, the outlines of American policy are beginning to emerge. Whatever their personal differences, most of President Reagan's men agree that the principle aim of American policy in the Middle East is to obstruct the Soviet Union, not least in the Gulf region.

Mr Haig talked in a recent hearing before the Senate Foreign Relations Committee of the need for a "consensus of strategic concerns" in the Middle East, embracing Turkey and Pakistan as well as the Arab states and Israel.

The concept is deliberately vague, but is intended to concentrate minds in the Middle East on the threat posed to the area by Soviet ambition.

State Department officials have been busily putting together a detailed Middle East package for Mr Haig to take on his tour. The hope is that the Secretary of State will be able to persuade the Israelis, the Egyptians, the Saudis and the Jordanians to agree that what they have in common with each other—and with the United States—is suspicion of the Soviet motives.

"If we can get them to agree on that," one of Mr Haig's aides said, "we might be able to get some common ground on Palestine. The old idea was that if you solve the Palestinian question first, Arab agreement to Western moves in the Gulf will follow. We're turning that on its head."

This will be music to the ears of the Israelis and their supporters in Congress since it effectively relegates the Palestinian question to a secondary role. It will be received with greater scepticism by Arab states, to whom the "Gulf first, Palestine later" formula smacks of earlier, cruder Administration statements to the effect that Palestine does not really matter very much.

There is a tendency in Washington—though less among State Department professionals than elsewhere—to underestimate the commitment of countries like Saudi Arabia to Palestinian claims in Jerusalem. This is matched by a tendency to overestimate the willingness of the Arab states, especially in the Gulf, to accept a Western military presence.

The Rapid Deployment Force,

initiated by President Carter, is being taken up and expanded by his successor. But without any clear idea of what role it is supposed to play. The general principle is that an American or Western interventionist force should be stationed in and around the Middle East to deter Moscow from expansionist moves.

Wild voices in the Administration do not stop there, however. Such a force, they say, should be used to shore up local regimes if they are threatened by Soviet-inspired sedition.

News analysis

This raises the spectre of American troops becoming entangled in hopelessly complicated internal conflicts. There will be intense debate in Congress over whether American troops should be stationed in the Sinai Desert where Israel hands over the last parcel of territory there to Egypt a year from now.

Under the Camp David agreement the United States is obliged to set up an "international peacekeeping force".

The Senate Foreign Relations Committee, headed by Senator Charles Percy, is generally sympathetic to the Administration's approach, and leans towards the Israeli point of view. But the Zionist lobby in Washington is unhappy with the decision to supply Saudi Arabia with offensive weapons for the F15 fighters it received from America during President Carter's term.

There are conflicting views within the pro-Israeli lobby, since some think that Israel should have provided more visibly over the sale of American arms to the Saudis.

This babble of discordant voices, sometimes within the same "camp", is reflected in the confusion over whether the "European initiative" on the Palestinian question can be made to coincide with American aims.

Mr Haig has let it be known that he wants no more talk in public of policy differences between Europe and America. The European attempt to bring the "Palestine liberation organization" into peace talks, which the Commission actually is useful, since any talks which exclude the Palestinians are not likely to be fruitful.

"You bring the PLO along," he will bring the Israelis along, a remark heard—rather surprisingly—in some quarters in Washington. But this is an anathema to some of the more extreme, possibly to Mr Reagan himself, and Mr Haig will have to avoid offending Israeli sensitivity on the subject during his visit to Jerusalem.

Farm price marathon opens in Brussels

From Michael Hornsby
Brussels, March 30

An increase in EEC farm prices this year of at least 12 per cent was demanded here today by a majority of European agricultural ministers at the start of what was billed as a three-day marathon meeting on the annual Community farm price settlement.

Meanwhile, outside the head quarters of the Council a Minister there was vociferous support for an even higher price increase of 15 per cent from some 2,300 farmers who held a rally and let off fire crackers in the middle of one of Brussels' main thoroughfares blocking traffic for several hours.

Last week's call by the European Parliament for a 12 per cent price rise was cited by many ministers as justification for going beyond the 7.5 per cent increase that has been proposed by the European Commission. Only Britain and West Germany argued for price restraint.

Mr Allick Buchanan-Smith, the Minister of State for Agriculture, said there was more reason than ever for restraint in view of the national price rises that the Commission was proposing to offer a number of member states by devaluing their "green rates".

The result of these devaluations would be to raise farm support prices in Denmark, Ireland, France, Italy and Greece by amounts ranging from 2 per cent to more than 9 per cent. These increases would come on top of any increase agreed in the common price level.

Mr Buchanan-Smith, backed by the West German Minister, said his colleagues of the "green rate" cause. A 12 per cent increase, he claimed, could breach the binding 1 per cent limit on the amount of value added tax (VAT) that can be levied to finance the Community's policies.

There was support from Mr Poul Dalsager, the European Commissioner for Agriculture, who said that a 12 per cent increase would add about £960 to the EEC budget over a five year period with only £270 if the Commission's own proposal was adopted.

While calling for price restraint, the British minister said his Government wanted to current 13p a lb consumer subsidy on butter in Britain to continue, a measure that adds to the Community's budget costs.

Mr Buchanan-Smith argued that it was better to subsidize food consumption inside the EEC, thereby maintaining demand, than to sell food subsidies outside the Community at subsidized prices. This was a dig at the French who are the biggest gainers from the subsidized export trade.

The ministers were due to hold further discussion of the proposed "room rate" change tonight, and then reassess tomorrow morning possibly to be presented with new proposals from the European Commission reflecting the general desire for a higher price rise. Chirac attack: M Jacques Chirac, the Gaullist leader, said today Britain should leave the European Community if it was not prepared to accept Community decisions on farm price and other issues (Reuter reports from Paris).

At a campaign lunch attended by French journalists, he said Britain was showing "hypocrisy" in seeking advantages for itself in the EEC. If it proved impossible to persuade the British to change their ways "we must make them understand that the best solution would be to leave the common market," he said.

Jagielski visit to Paris

From Our Own Correspondent
Paris, March 30

Mr Mieczyslaw Jagielski, the Polish Deputy Prime Minister, is paying a two-day visit to Paris on his way to Washington. Essentially, the visit is concerned with Western financial and economic aid to his country.

But he is also expected to give President Giscard d'Estaing, whom he is meeting tomorrow, a run-down on the latest political developments in his country, and particularly the decisions of the Polish Communist Party's Central Committee.

He saw M Jean Francois-

Poncet, the Foreign Minister, today and will also have a meeting tomorrow with M René Monory, the Minister for Economic Affairs, on the consolidation of the Polish debt and the immediate economic aid which the member countries of the European Community are prepared to give his country in accordance with the decision taken at the Maastricht summit last week.

France is the chairman of the consortium of Western countries which has been discussing the funding of the Polish debt. It met last week in Paris in a restricted session, but nothing has been disclosed about its deliberations.

Gypsies hit back at Communists

From Our Own Correspondent
Paris, March 30

Paris was treated to the unusual spectacle this morning of a procession of gypsies' caravans from the Place de la Nation to the Place de la Bastille, focus of popular protest since July 14, 1789.

They were drawn by cars, often large American models, carried placards which read "A stop to fascism and racialism", and came from all over France. A loudspeaker proclaimed at intervals that "gypsies, like other Frenchmen, will soon vote".

The gypsy protest was against a campaign by a branch of the Communist Party in a suburb north of Paris calling on local authorities to remove gypsies from the area.

After foreign workers and drugs, the Communist Party has fastened on the gypsies as another popular theme with which to mobilize its rank and file in the election campaign.

For the past fortnight, leaflets have been dropped in the letter-boxes of residents in the "Red" suburb of Rosny-Sous-Bois urging the "departure of nomads" if demands, if necessary, police resettlement in any part of the municipality.

It all stems from the invasion about six months ago of the working class in the centre of Paris by 100 gypsies' caravans, which annoyed the local population and particularly shopkeepers.

The trouble is that the spread of urban development to traditional gypsy camping grounds at Marne-la-Vallée, south-east of Paris, has forced the gypsies to disperse throughout the Paris area in search of other alternative sites.

In February, the Socialist Mayor of Plaisir, another municipality in the Paris area, had to call in the police to control the number of caravans after complaints from local traders.

There are about 30,000 gypsies in the Paris area—about a quarter of all those left in France. One-third of them have kept to their nomadic habits; the rest have settled down, usually in shanty towns.

Rapid urbanization since the war has deprived them of many camping grounds on the edge of towns. Few municipalities have studied the problem seriously or made adequate provision for the gypsies. As a consequence, gypsies have tended to concentrate in large numbers at the few sites still open to them.

The Communists have not invented the problem, but they seem determined to exploit it for political ends and harp on the xenophobic streak deep in every Frenchman.

Moral asset for Socialist candidate A figure from the past backs M Mitterrand

From Charles Hargrove
Paris, March 30

M Pierre Mendes-France, who announced last week—as he had done in 1974—his support for M Francois Mitterrand, the Socialist candidate, broke a silence of nearly two years to explain in a radio round table discussion why he was doing so.

He said that in his opinion, "only a government of the left, which has given proof of its mettle from the very moment of taking power, could bring the discipline and exercise the patience necessary to bring about the essential changes in French society."

M Mendes-France is one of the very few prime ministers of the 21 governments which held power under the Fourth Republic to have earned a reputation of respect and admiration of a wide circle of Frenchmen, who do not necessarily share his left-wing views, and the only one to be regarded as a sort of national sage.

An austere and courageous man, he tried unsuccessfully to make Frenchmen drink milk, but he also put an end to the war in Indo-China, and gave independence to Tunisia, in the eight months in which he held office.

His humanistic socialism has acquired official consecration as the philosophy of "Mendes-France" and some of the leading personalities in French politics and the administration of the Fifth Republic regard themselves as his disciples.

He retired from active politics after the events of 1968, in which he played a prominent if controversial part. One of his last appearances was in a public debate in 1969 against M Giscard d'Estaing.

Though he belongs to a political generation of the past, his support is a valuable moral asset to M Mitterrand.

What he had to say last night revealed some affinities with both M Chirac, whose condemnation of the irresolution of the present Government he echoed, and with M Barre, the Prime Minister, whose call for austerity (however relative) he echoes.

But he emphasized that a "policy of austerity could only

be successful with the consent and support of public opinion. Its rejection was inevitable, however, from the moment a large number of French men and women had the conviction the policy pursued in the past few years was designed to consolidate acquired rights and privileges, routines and waste, and bad habits inherited from the past.

M Mendes-France said that the country did not have the impression of being governed by men who knew where they wanted to go. One day it was told that refutation was the thing; the other day investment must be reduced; yet another that the currency must be defended at all costs, and everything is sacrificed to it.

To revitalize French economic life, he said, the state must accept an increase in its deficit; give greater help to certain industries, and especially export ones; reduce employers' social contributions in return for a reduction in working hours; and slow down the increase in purchasing power of middle and higher salary groups.

These suggestions should be put to the other countries of the EEC.

He went on to say that he was very struck by the attitude of the Communist Party, which facilitated the re-election of M Giscard d'Estaing. "It is a permanent feature of the party to do all it can to prevent the non-communist left from coming to power," he declared. "But a left-wing government cannot fail to have the support of public opinion, and this support will be such that the Communist Party itself will perhaps be compelled to take it into account."

It is challenging the country to improve on the continuation of the same policy. It must at long last be admitted that the faction which has been deprived so far of all possibility of action now has a right to speak," he said.

M Jean-Philippe Lecat, the spokesman for M Giscard d'Estaing, said this afternoon M Mendes-France had been away from active politics a long time, and did not know all the details. "But he inspires respect, even if we do not share some of his analyses."

Greek papers win price appeal

From Our Own Correspondent
Athens, March 30

Two Athens newspapers have decided to lower their prices after winning appeals against government order making it a punishable offence to sell newspapers at less than 15 drachmas (about 13p) a copy.

The afternoon newspaper *Avanti* went on the newsstands today at five drachmas, while the morning *Rizospastis* which is the organ of the pro-Moscow Communist Party, announced it would sell at 10 drachmas from tomorrow.

US to seek tough nuclear line

From Michael Hornsby
Brussels, March 30

Senior American and European officials meet here tomorrow for the first time since the Reagan Administration came to power to consider the future of the talks between the United States and the Soviet Union on the reduction of theatre nuclear forces (TNF) in Europe.

The officials meet as the Nato special consultative group, a body set up last year under the Carter Administration to enable the United States to consult its European allies fully on the reduction of theatre nuclear negotiations with Moscow.

The new chairman of the group is Mr Lawrence Eagleburger, the American Assistant Secretary of State-designate for European affairs, who toured European capitals last month to explain and canvass support for United States policy on El Salvador.

Nato members agreed in December, 1979, to deploy 572 American cruise and Pershing 2 nuclear missiles in Europe from 1983 to counter the mobile SS20s which the Warsaw Pact already has in place on its side of the border.

At the same time, it was agreed that the West should also seek to open negotiations with Moscow on limiting the expansion of these new arsenals, using the prospect of the deployment of the new American missiles as an incentive to persuade the Russians to the conference table.

The first round of TNF talks between the Americans and Russians was held in Geneva last autumn. The question is when to resume these discussions, and what approach to pursue, particularly on some of the ideas set out in President Brezhnev's recent letter to Western leaders.

Most European governments would like the TNF talks to be resumed as soon as possible. In particular, West Germany, on whose soil most of the new weapons would be located, might be hard put to maintain domestic support for their deployment without evidence that the arms limitation talks were being pursued seriously.

For their part, the Americans will be looking for a firm rejection of Mr Brezhnev's proposal for a "moratorium"—in effect, a freeze—on the deployment of TNF weapons. Washington would like the existing Warsaw Pact superiority in such arms which the talks are intended to reduce.

The moratorium idea has been floated before by the Russians, and last year relations between Bonn and Washington were severely strained for a time when Herr Helmut Schmidt, the West German Chancellor, appeared to have taken it up.

Bishop Tutu urges Britain to take tougher line against apartheid

By Michael Knipe

Undeterred by threats from Pretoria that his passport might be withdrawn, Bishop Desmond Tutu, the secretary-general of the South African Council of Churches has called on the British Government to take a tougher line over apartheid.

He made his appeal when he met Sir Ian Gilmour, the Lord Privy Seal, and Mr Richard Nugent, Minister of State at the Foreign Office, yesterday.

The bishop, perhaps the most prominent black South African still pressing for peaceful change from what he calls "the most vicious system since Nazism", argues that Britain is not doing enough over apartheid in South Africa.

Pretoria hopes journalist will defer going to jail

From Ray Kennedy
Johannesburg, March 30

A South African journalist, sentenced to 14 days imprisonment, has been told he need not hurry back from Washington to serve his jail term.

Mr John Matison, the Washington representative of the Johannesburg *Rand Daily Mail*, last week lost an appeal against his conviction and sentence for refusing to name the sources of a report about the right-wing Christian League. This organization has been connected with the almost forgotten but not quite dead Information Department affair, which rocked the South African Government two years ago.

A spokesman for the Cape provincial Attorney-General's office said it would not be necessary for Mr Matison to return to South Africa to serve his sentence until it has been decided whether to go ahead with further investigations against him.

The statement is obviously of some comfort to Mr Matison but clearly of a lot more to the ruling National Party, which would like the ghost of the so-called Muldergate affair to lie down and die—which it obstinately refuses to do.

There is no question that the announcement has anything at heart but the interests of investigations against Mr Matison.

But there is no doubt that it suits the National Party down to the ground if he stays in Washington, until at least April 29 when South Africa will hold a general election, instead of rushing back and proclaiming: "Here I am. Please lock me up."

If he did so he would become in instant cause célèbre and just what the opposition Progressive Federal Party, the Herstigte Nasionale party and even Dr Connie Mulder's inconsequential National Conservative Party would need to slash National Party votes.

It was only last November that the small, dapper but by then shilling Tuti, a Brooklyn sportsman, manufacturer, made his gangland history by being the first man convicted specifically of being a leader of the Mafia, or Cosa Nostra. His empire

"We have been told that economic pressure on South Africa to induce it to change its ways."

He could not advocate economic sanctions, he said, because he could then be charged in South Africa with economic sabotage, an offence carrying a minimum sentence of five years' imprisonment. He emphasized that he was firmly committed to working for parliamentary change "by reasonable peaceful means". It was strange, he said, that someone seeking change through violent means should be penalized by the withdrawal of a passport. Perhaps this would convince the world that there was no really effective peaceful means left to blacks in the republic.

Bishop Tutu, who had his passport returned in January after an eight-month confiscation, is completing a tour of Europe and the United States, in which he has been calling on the international community to apply political, diplomatic and

there is a period of mourning until April 17.

Mr Chambers, who will be 30 this year, also takes over as Finance Minister. He is the third deputy leader in the PNM with responsibility for party policy.

He is a low-key, respected figure, moderate and untainted by recent allegations of Government corruption. He has been noted as a dynamic minister or a serious contender for the leadership which must have helped his swift appointment as Dr Williams's successor.

There will inevitably be challenges from within the party particularly with general elections expected within a few months. Dr Williams's death is not likely to mark any dramatic change of direction at least for the moment.

Divisions in the ruling party are defined more by personality than ideology.

A whole generation has grown up knowing no other leadership but Dr Williams's austere aloof and autocratic style and personality. Banks and some businesses remained closed and

stretched through New York and New Jersey and included such activities as extortion, illegal gambling, prostitution and, by extension, death.

He was sentenced then to 10 years in jail and a \$60,000 fine but was free on bail of \$75,000 pending an appeal. He was first arrested in 1922 and jailed for armed robbery. He had a record of nine convictions.

Tieri took over the crime "family" that used to be run by the legendary Vito Genovese in 1972, when its then leader killed in Brooklyn. Shor was a prime suspect in the killing of a policeman called him "one of the classiest gangsters in the New York area". One of his recent convictions was for conspiring to defraud creditors of the bankrupt Westchester Premier Theatre, with which Frank Sinatra's name had been linked in press reports.

When Carlo Gambino, acknowledged as one of the most formidable American mobsters, died in 1976, Tieri became the most powerful Mafia personality in the country, the "boss of all bosses". The two had been close friends and partners. The Federal Bureau of Investigation, who are the source of all the knowledgeable news

Muted reaction to death of Dr Eric Williams

From Jeremy Taylor
Trinidad, March 30

Dr Eric Williams, the Prime Minister of Trinidad and Tobago, died suddenly last night. No announcement was made here for 12 hours by which time President Ellis Clark had consulted with the leadership of the ruling Peoples' National Movement (PNM) and had appointed a successor, Mr George Chambers, the Minister of Agriculture and Industry.

At the end of his fifth consecutive five-year term, Dr Williams had been facing a serious wave of industrial unrest but reaction here today was muted suggesting that his death may be a traumatic experience for Trinidad and Tobago.

A whole generation has grown up knowing no other leadership but Dr Williams's austere aloof and autocratic style and personality. Banks and some businesses remained closed and

reports about organized crime in the American press have led to the publication of lists of names for the throne Tuti vacated.

Even before they do, nobody would be surprised to see the bodies of some of the hoped-for turn-up within the party outskirts of the city, or at the bottom of rivers or reservoirs weighted with concrete. As by coincidence, Tuti died the eve of the conspiracy which began in New York today, of Carlos Marcia, to be the head of King of Louisiana and the 1952. The FBI have had him depe

Death of a godfather heralds a round of killings

From Michael Leppman
New York, March 30

Police are bracing themselves for a new round of Mafia killings here following the death yesterday of Frank Tieri, the 77-year-old godfather of the most important organized crime "family" in the country. When was first arrested in 1922 and jailed for armed robbery. He had a record of nine convictions.

It was only last November that the small, dapper but by then shilling Tuti, a Brooklyn sportsman, manufacturer, made his gangland history by being the first man convicted specifically of being a leader of the Mafia, or Cosa Nostra. His empire

THE ARTS

New perspectives on a controversial old collection

Some Chantrey Favourites
Royal Academy

Recent Chantrey Purchases
Tate Gallery

Victorian Paintings
Riverside Centre, Hammersmith

William Strang RA
National Portrait Gallery

Frederick Austin:
Etchings and Linocuts
Blond Fine Art



"Very jolly" ... Edward Armitage's *Herod's Birthday Feast* at the Riverside Centre, Hammersmith

It is rather extraordinary how even today, more than a century after it became a practical reality, the Chantrey Bequest is a subject which provokes frenzies of fury in some of the otherwise most sober, mild, orderly people you could wish to meet. Of course, the precise grounds for the fury have shifted a little. Once it was primarily the question of how the fund was currently administered: who was bought and who was not and how and why. Then it was the whole idea of the fund, laying out for the nation a graveyard of white elephants, who could believe that even in benighted Victorian times they could have wasted so much money on quite so many monstrosities? Now things have come full circle, and again the once-despised bequest paintings from the last quarter of the nineteenth century are regarded as among the treasures of the national patrimony. So the issues are rather: are they being rightly looked after and shown?

For it must be said that this wholesale revaluation upwards of the Chantrey Bequest's earlier purchases has been carried out largely in absentia. The vast majority of the works concerned are stored away in the Tate Gallery's stores somewhere in Acton, and never see the light of day, even for diligent, scholarly investigators. The same is true, of course, of many of the pictures in the Tate's own collection; but the point is that the Tate does not directly own the bequest pictures, but is merely custodian of them for the nation. The right, and some people think they should, be taken away and put into more deserving, sympathetic hands. As in all questions of this nature, it is much more difficult than it appears to get at the truth, not to mention the truths behind the truth. Is the Tate just being high-handed, or are there good

reasons why so many of the Chantrey pictures are not on show anywhere? No doubt problems of conservation loom large, but who can know how likely to be reversed, it is hard to believe for instance, that for some years in the 1960s and 1970s even *Carnegie, Lily, Lily, Rose*, one of Sargent's most brilliant and enchanting works, was relegated to the Tate's basement—certainly if one listens to the audible ecstasies it now occupies. And even making full allowance for scholarly nostalgia, one must still admit that Orchardson's *Napoleon on Board the Bellerophon* is a stunning piece of painting—the more readily appreciable as such now that we have managed to shed most of our once automatic prejudices against any picture that told a story. Nor is it only the great Vic-

torians, the Alma-Tademas and Frank Brangwyn's *A Hopeless Dawn* and Herbert J. Draper's *The Lament for Icarus* who come up live and kicking. We are still in the slow and sometimes painful process of revaluing the symbolists like Cayley Robinson, the meticulous workers in tempera like Henry Morley, the sober realists like James Bateman, J. McIntosh Patrick and Algernon Newton. The works of all of these here provide food for thought. For one thing, they would have been bought, in their time, only by those of conservative taste, such as we may safely suppose the selectors delegated by the Royal Academy normally to be. And in retrospect that is no bad thing: provided there is a certain consistency, everything comes round in its turn.

The conclusion is reinforced by the complementary show at the Tate of works bought by the Chantrey Bequest in the last three or four years: it is undeniably old-fashioned of them to be buying now the work of Anthony Gross or Sheila Fell or Peter Greenham, let alone the John Tunnard and a Julian Trevelyan both dating from the 1940s. But all the works on show are admirable of their kind, and well deserve representation. No doubt by the 1990s the bequest will have caught up with the more obviously advanced artists of today; and

at least the passage of time will have made the choice simpler and more sure.

While we are on the subject of inaccessible pictures in public ownership, it is well worth going down to the Riverside Centre, Hammersmith, to inspect the loan show of *Victorian Paintings* (until April 26) mostly drawn from the Cecil French collection left to Fulham Library in 1954 and now owned by Hammersmith Borough Council. Cecil French had a superb collection of Victorian and early twentieth-century British art, particularly strong on Burne-Jones and other Pre-Raphaelites; the only problem has been that Hammersmith has no permanent gallery in which to show the cream of the collection, so it has been languishing unseen for many years now.

Probably the Burne-Joneses are the most eye-catching: the intense colour of *The Evening Angel of St Catherine* or *A Fantasy* takes one by surprise, and *The Tower* is a surprisingly energetic oil. But it is a real pleasure to encounter such small-scale, finely rendered works as *Alma-Tadema's Pleading* (1876), Leighton's *The Music*

Lesson is extraordinarily seductive in its colours and textures, and John George Nash's *Le Greux Harbour, Sark*, featuring a profusion of foreground pebbles painted with obsessive Pre-Raphaelite nicety. And if all you want is a straightforward pang of nostalgia, you cannot go far wrong with Millais's suitably sentimental *Princess in the Tower* or Edward Armitage's very jolly *Herod's Birthday Feast*.

Another of the artists of the late-Victorian and just post-Victorian generations most strongly represented in the Chantrey Bequest is now coming up for reassessment. William Strang, indeed, would seem to be an obvious Chantrey artist, but there is something decidedly strange about his etched visions of country and seaside life. Just beneath the surface there is an almost medieval sense of human grotesquerie which allies him with Stanley Spencer, and it can hardly be fortuitous, though it is probably unconscious, that his most innocent-looking landscapes bristle with classic sexual symbols: haystacks turn into phalluses, the merest twig is likely to transform itself into a snake and wriggle away. His is not a small voice, but quite individual and well worth listening to.

cult to warm to. The London version of the show has a bonus in the shape of two paintings from the Tate, including perhaps his most famous, *Bank Holiday* of 1912.

Finally, I would like to direct your attention to a small show of work by another forgotten British artist, Frederick Austin, at Blond Fine Art in Saville Street, until Sunday. Austin was one of the extraordinary generation of etchers and engravers who emerged in the early 1920s and knew their heyday between the wars. Brother of Robert, another once more famous, now almost equally neglected, Frederick Austin has evident ties with painters like Paul and especially John Nash, but there is something decidedly strange about his etched visions of country and seaside life. Just beneath the surface there is an almost medieval sense of human grotesquerie which allies him with Stanley Spencer, and it can hardly be fortuitous, though it is probably unconscious, that his most innocent-looking landscapes bristle with classic sexual symbols: haystacks turn into phalluses, the merest twig is likely to transform itself into a snake and wriggle away. His is not a small voice, but quite individual and well worth listening to.

John Russell Taylor

Book review

An evening passed in uncommon company

The Churchills
By John Colville

(Weidenfeld & Nicholson, £8.95). Election to The Other Club was the greatest honour Churchill could confer on those rare birds, the Churchills—men whom he considered estimable and entertaining, and with whom it was agreeable to dine. He once told an American colleague during the Suez crisis that even a declaration of war should not prevent them having a good meal together, and to read this book is to pass an evening with the politicians and Civil Servants, the soldiers and foreign statesmen in whose company he delighted and whose qualities were largely complemented by his own. They were a varied bunch. Some, like F. E. Smith and the mischievous Lord Beaverbrook were pre-war cronies. Others were drawn from circles with whom Churchill had professional contact in his two periods of leadership, 1940-45 and 1951-55. They include war-time generals such as Montgomery, Alexander and Ismael, Churchill's own family, and those who worked for him behind the scenes—the buoyant Brendan Bracken and the physicist and Swedish tennis champion Professor Lindemann. All were loyal patriots who put duty before personal predilections, few were reticent and most played bezique.

John Colville, Churchill's Private Secretary in both administrations sits modestly beside him throughout *The Churchills*. His privileged position gives him the authority to describe the Prime Minister's circle which he does with insight and compassion—as quick to record any witty aside as he is to protect others, like the tongue-tied Wavell, from Churchill's unjust remarks.

Nevertheless, the author has already related much of the after-dinner reminiscence in *Action this day and Footprints in Time*. His personal recollections, peppered with the occasional snippet from his unpublished diaries, only flesh out the picture already given us of these boon-companions. We discover, for instance, the actual amount of

brandy that Churchill commanded the abstemious Lindemann to drink on these occasions was 32 cubic centimetres. More interesting are John Colville's indignant digressions which prove that Churchill neither sacrificed Coventry to preserve "Ultra" nor used Sir William Stephenson, the man called Intrepid, as a secret liaison with Roosevelt.

As the book goes on, it becomes apparent that many so-called Churchills are only honorary members of the club. Some, like his over-critical doctor Lord Moran, sit uncomfortably because they had to ask to be elected. Others like Eden (who refused), R. A. Butler and Macmillan stand out because they are more than just stars in Churchill's constellation. As for De Gaulle and Truman, they are present mainly because of Churchill's interest in France and America.

Replenishing his glass, relighting his cigar and commanding the moment to remain, Churchill is the only element which binds these men of contrast, and brooding like Buddha, he looms over everything at the head of the table. Though he is moved by eloquence in the dining-room, his deep-throated growl is a reminder that he is his own master, to be assisted and advised—but not guided. His presence reduces protests and challenges to playful punches at "myrmidons". Defeated by his master's voice, John Colville's description of them is similarly muted. Each, whether it be Sir Edward Marsh or Sir Norman Brook, is "one of the dearest friends that Churchill ever had".

The Churchills may be part which has been passed round before, but it is still very palatable, and John Colville is right in saying that its achievements and failures of Britain and the United States in the first 60 years of the twentieth century. His anecdotal account of them is not so much a book about Churchill, but rather their relationship with Churchill, the most uncommon of denominators.

Nicholas Shakespeare

Last night's television

Did Darwin Get It Wrong?
BBC 2

Miles Kingston

The public at large seems capable of taking in only a few major shifts in scientific opinion at a time. In recent years we have gained a dim idea of DNA genetic coding, of the way continental plates move about and threaten San Francisco and, more or less, of relativity. The latest theory to spread out into lay consciousness is the notion that evolution proceeds as a series of bursts of change followed by long periods of stasis, rather than as the smooth process envisaged by Darwin. (Thus going back to the Frenchman Lamarck, who preceded Darwin, suggesting that the evolution of ideas can work backwards.)

What emerged from last night's *Horizon* was a glittering array of American scientists who each allowed his twopenny worth, in a general way that, yes, Darwin was probably wrong about the smoothness of evolution, and in a specific way that nobody really knows at all. Scientists seem to be studying smaller and smaller areas in greater and greater depth—the DNA of fruit flies, the gene changes of mice, the live molluscs of the Jurassic Age, leaving no one to find the links between the knowledge, like so many players in a game of Scrabble all using different languages. Over and over again the experts said that they were surprised by their findings, or could not yet see the connexion, or had failed to find what they

were looking for, until one was glad of the cynicism of the French palaeontologist Félix Janvier who said that the acceptance of ideas depended largely on the authority of the man who expressed the ideas.

I am surprised then that nobody mentioned the theory put forward by H. L. Mencken. Pointing to the way organisms sometimes highly successful, sometimes total failures, he concluded that the world could not have been made by God, or a god, but by endless committees and sub-committees of gods, with all the bungling delay and occasional triumphs that that entails. The bursts of change in evolution would, of course, be quite consonant with the regular tours of inspection of these committees. Personally, I was worried most by the expert on bivalve molluscs who said that the only evolutionary change he could spot in these Jurassic oysters was that they got gradually bigger and bigger, then became explosively extinct. Is man, too, not getting gradually bigger and bigger? Will orange juice and fluoride do for us before the bomb does?

Coward Show

Noel and Gertie, an evening which has been devised by Sheridan Morley and which traces the relationship of Noel Coward and Gertie Lawrence, has a single performance at the Mayfair Theatre next Sunday. The cast includes Maria Aitken, William Blears, Edward Fox, Sheridan Morley, Liz Robertson and Mark Wynter. The evening is in aid of the Combined Theatrical Charities.

Detective action

Robert Powell plays Philip Marlowe in *Private Dick*, a new play by Richard Maheer and Roger Mitchell which opens at the Lyric Studio, Hammersmith, on April 21.

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LPO/Chung Festival Hall

William Mann

The Korean violinist Kyung-Wha Chung has been a favourite of audiences here for more than a decade, though she is still in her early thirties. She comes of a gifted musical family, and on Sunday played Sibelius's violin concerto with her younger brother, Myung-Whun Chung, as conductor of the London Philharmonic Orchestra.

For his purely orchestral items Mr Chung went to the Russian repertoire, sensibly enough. Twenty years ago I used to receive copious letters at *The Times* from a reader who felt ethically constrained to assure me how impossible it was that easterners and westerners could ever understand one another's music. I have not yet the knowledge, and the nerve, to write about concerts of, say, Indian music as confidently as about Mozart; but the Chungs play western music with as much authority as European-born artists.

In point of geographical remoteness, the Russia of Rimsky-Korsakov and Rachmaninov is much closer to Korea than to Britain; but Mr Chung's flair for Russian music, as manifest in his firm, unruffled control of a large orchestra, has everything to do with his generation and the spread of eastern music during his formative years.

Jimmy McCracklin
100 Club

Richard Williams

One of the enduring attractions of the blues, not least to its exponents, is that it can be played as an ensemble music with a minimum of preparation—the rules are simple and familiar, allowing blues musicians of different generations and styles to communicate freely. That minimum of rehearsal, however, might have turned Jimmy McCracklin's London appearance on Sunday night from an enjoyable experience into a memorable one.

McCracklin is a Californian blues singer and pianist who was quite prominent during the 1950s and early 1960s, but found his activity curtailed by the rise of soul music, since when he has been cherished only by those admirers of the spontaneous small-band music of Joe Turner, Roy Brown and Wynonie Harris. His notable recordings include a 1957 rock and roll song called "The Walk" which still figures in the repertoire of young white rhythm and blues revivalists, and two mid-1960s tunes, "Every Night, Every Day" and "Think" of uncommon charm and durability.

Cleveland Quartet

Queen Elizabeth Hall

Paul Griffiths

I am quite sure the Cleveland Quartet needed no century excuse to make Bartók's second quartet the centrepiece of their recital on Sunday, for they are by trial of experience a group suited to this work like no other. They are, in the first place, very much a contrapuntal quartet, four well matched but utterly distinctive strands, ranging from the nervy, soaring leader in the first violin, almost bell-like cello, and so given also their astonishingly exact ensemble, they have all the qualities needed to bring to life the subtlety of interplay and the density of events in that Bartók quartet which is the most puzzling of the six, the least neatly tied up.

Even at one moment of unison there were four voices to be heard, and elsewhere the Cleveland let nothing pass unnoticed in the sinewy strength of their playing. Kodály's description of the central movement as joyful seemed here very apt, and the mark: the speed and precision of the dance, the sliced chords and the rapid spray of figures spoke rather of desperation, of a sensibility constantly on edge. Similarly the finale, a cool, merely sorrowful but eerie, glowing, the feeling close to parts of Bartók's contemporary ballet *The Miraculous Mandarin*.

The flanking performances of Mendelssohn and Beethoven also gained much from an unwillingness to relax with the superficial. Mendelssohn's D major quartet, the first of the quartets, became an extraordinarily tough and searching though still sprightly essay, a real vindication of those who would see this composer as one of the great masters of the string quartet. There were no easy pleasures, nothing simple or glib, and in the single passage where the players did pause to enjoy the texture, the trio of the minuet, their hesitation was full of strange and sinister echoes.

That they made Beethoven's Op. 132 quartet meaningfully complex was less surprising, and yet the performance was certainly no less remarkable. The Cleveland nicely drew attention to the ways in which Beethoven does everything in the wrong order, beginning the work as if in midstream, for example, and then proceeding to its start. They also made the slow movement begin like Bruckner and end like Mahler, gathering experience and irony as it passed, preparing for a finale where there were no simple answers, and no simple questions.

Some of the reviews on this page are reprinted from yesterday's later editions.

Bishop-Kovacevich

Queen Elizabeth Hall

Joan Chissell

Confounding all expectations, Stephen Bishop-Kovacevich chose not to make Bartók guest of honour at his weekend recital in the South Bank Sunday series. Instead he divided his programme between two other Beethoven loves, Beethoven and Schubert.

His approach to the late E major and C minor sonatas, Op. 109 and Op. 111, suggested that for the time being there is no danger of his subscribing to the current vogue for Beethoven on "period" instruments. Rather than evoking an elderly philosopher reconciling the irreconcilable, he set out to emphasize the extremity of the composer's mood contrasts in both works in a way that would have been impossible without the sheer debility of a modern concert grand in bursts of turbulence, or its refinements and subtleties in visionary calm. In fact he played on the instrument for which the deaf composer was already writing in imagination.

In the E major sonata, the strength of his response to the first movement's climax at once made it clear that we were to meet a highly impressionable Beethoven. The Prestissimo scarcely have been more swift or brusque. In the finale's variations he seemed determined that the benign calm of the theme should not go unchallenged in what followed, whether through yielding sentiment or heroism, and there was a similarly warm, human heartbeat behind the concluding variations of the C minor sonata. Trills and more delicate textures were finely controlled and colourfully balanced and coloured. But in the stormy first movement of Op. 111 Mr Bishop-Kovacevich sometimes allowed sonority to roughen. He was also unwise not to repeat his exposition. By this time Beethoven did not insert repeat signs unless he really meant them.

Schubert's late Drei Klavierstücke, D 946, again found him warmly responsive to the music's romance, and uncommonly positive in his way of making it his own. Entering a different world in each contrasting episode, he was exceptionally skilful in allowing dividing lines to melt at the moment of return. Tone and phrasing were intimately seductive throughout the Twelve Ländler, D 790, even if he did seem to forget that they hailed from the village green.

Chosen for The Royal Film Performance 1981

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Sir Robert Mark says present investigation procedures are adequate.

Complaints against the police: are changes really necessary?

The Home Secretary's working party set up to consider recommendations by the Police Complaints Board has submitted its report. The Board had suggested that complaints of serious injury (inflicted by the police) should be investigated by a specialist body of officers, these to be seconded from police forces but answerable to someone other than a police officer.

Before considering its comments it is necessary briefly to remind readers that allegations of crime by police are outside the Board's terms of reference. The Police Act, 1964 gives the Director of Public Prosecutions exclusive jurisdiction in all such cases. Only those in which he decides not to prosecute or in which there is an acquittal are likely to reach the Board.

There may, of course, be a few cases each year in which a complaint of crime by police is made directly to the Board. These would necessarily be referred immediately to the DPP or the chief constable concerned.

A second very important point is that Section 49 of the Act provides that chief officers may, if directed by the Home Secretary, request the chief officer for any other police area to provide an officer to carry out the investigation. That procedure is invoked by chief officers as a matter of routine and so far the Home Secretary has not found it necessary to issue a direction. In 1977, the number of investigations conducted by secondary forces exceeded 150.

The public however, remain generally unaware of it. Some newspapers on discovering that investigations are being conducted by secondary forces even assume that they give grounds for suspicion. They mistakenly imply that they have been ordered by a police authority or by the Home Secretary and that this gives cause for distrust of the senior officers of the force under investigation. That is not true. The complexity of the issues is such that the suspicion may be forgiven for understandable error.

The third relevant point is that virtually all such cases are submitted to the DPP because they relate to alleged crime. The Board can therefore have little opportunity to experience the effectiveness of the existing machinery, which meets almost all the requirements of its recommendations. It affords a supply of skilled investigators from secondary



Sir Robert Mark

forces who report to someone other than a police officer, namely the DPP.

The three aspects of the Board's recommendations not provided for by the 1964 Act are:

1. Whether such arrangements should be obligatory in relation to the investigation of complaints not amounting to crime.
2. Whether the investigation should be "supervised" by an independent person.
3. Whether selection of the investigating officer should be approved by the Board.

The conflict when assault leads to serious injury

The first poses the difficult question that an assault resulting in serious injury must initially be considered as criminal and that the proposed change might imply conflict of jurisdiction between the DPP and the "supervisor". It seems difficult to envisage a case within the categories touched upon by the Board in which such a difficulty would not arise. Moreover, I think it unlikely that those critics whom the establishment of the Board was designed to placate would find a decision by the Board member more acceptable than that of the DPP who has unequalled experience in this very difficult field.

Let's I should be thought unfairly

critical of the recommendations I

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12 members only two, both of them

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see them as serving no useful

purpose or offer no comment

If it is contemplated that the "supervisor" would exercise jurisdiction only in those cases in which the DPP has declined to prosecute, this must give the appearance of a "second bite of the cherry". By that, I mean that it is questionable for police to base disciplinary charges on evidence sufficient to achieve conviction for a criminal offence. Clearly, therefore, the proposed change could be applied fairly only in cases in which disciplinary proceedings were thought justifiable because criminal conviction was considered unlikely.

The second proposal for independent supervision of the investigation of complaints may conveniently be considered with the third, the approval by the Board of the investigating officer. A review body which adulterates its function by participating in initial investigation undermines its purpose. It is not enough to say that a "supervisor" in such a case would not be involved in its review. The Board is seen by the public to be committed and it is to the satisfaction of the public, not the Board, that any change should be directed. A supervisor appointed from outside the Board is merely an extension of the function of the DPP or deputy chief constable to someone meritoriously less experienced in this particular field.

Approval of the investigating officer by the Board while appearing desirable to the layman, would be simply a cosmetic

device. In practice, the Board would have to seek the advice of the Chief Inspector of Constabulary or one of other chief police officers, the practice already obtaining.

Let's I should be thought unfairly critical of the recommendations I should say that of the working party's 12 members only two, both of them Board members, seem to support them. The other 10... clearly see them as serving no useful purpose or offer no comment

The importance of immediate investigation

It cannot be emphasized too strongly that any review process is secondary. The most important requirement in relation to complaints against the police is the certainty of an immediate, thorough and impartial investigation with a view to prosecution if the evidence satisfies the DPP, whose experience of such investigations is unique and who is a democratically accountable public official.

Experience shows that no subsequent action of any kind will repair the omission to fulfil that requirement. Royal Commissions can do no more than close the stable door after the horse has bolted, though occasionally they can suggest changes in the stabling arrangements.

The real difficulty for the public in considering the recommendations is that they are offered no evidence at all of the need for change. No detailed reference is made to the actual working of the police disciplinary machinery. Only research by the knowledgeable is likely to uncover its remarkable effectiveness, because the public are not told of it. No cases are cited as affording justification for such controversial and potentially disruptive changes. Indeed, it is gratifying to read that the Board is generally well satisfied with the investigation of complaints. This was not, however, the objective to be attained by its creation, which was the achievement of the same satisfaction by the public.

This the Board, through no fault of its own, has not even begun to achieve, and it is not uncharitable to suspect that the present recommendations arise partly from frustration at its failure in view of the intransigent nature of the problems with which it is concerned and the lack of public understanding of them. It might be most beneficial were the Board, with the consent of the Home Secretary, to invite external inspection of its working, as did the Metropolitan Police in 1975.

The examination of A10 by a national newspaper did more than anything else could have done to convince the public of the willingness of the police to establish effective machinery to ensure accountability and if not silence, at least to embarrass its critics.

If such a move served no other purpose, it might improve understanding of the complaints machinery by politicians and journalists. It would, in any case, seem much more likely to achieve that desirable result than implementation of the recommendations of the working party.

The author was Commissioner of the Metropolitan Police from 1972-77.



A wartime meeting: General Sikorski with King George VI in 1940.

Why this hero should be left in peace

Bernard Levin

With Poland on the brink again, what I have to say today may seem like no more than an irritating footnote to the great events unfolding there; even a footnote, however, may be a symbol, and there is a powerful symbolism at work in the story.

I am usually left uninterested in the demands (our country in particular is littered with them) for the return to his native country of the bones of some local hero who died in foreign parts. The bones, after all, cannot feel (the elaborate arrangements some people make for the disposal of their remains strike me as absurd). Full faith in five thy father lies. Of his bones are coral made.

But one such demand, being made at present, seems to be worth resisting. The government of Poland is asking the British Foreign Office to return to the land of his birth the remains of General Sikorski, who is buried here, and the centenary of whose birth falls in May.

Why should not this simple and apparently harmless gesture be made? Before answering my question, I had better tell my younger readers who Sikorski was. After the completion of the joint invasion and occupation of Poland in 1939 by the Germans from the West and the troops of Hitler's Soviet allies from the East, many of Poland's leaders managed to get to Britain, as did a substantial number of her troops, to carry on the war. General Sikorski was the head of the Polish Government-in-exile; he was subsequently killed, in 1943, in an air-crash at Gibraltar, and his body was brought home to Britain and interred in a cemetery at Newark in Nottinghamshire.

The nature of the cemetery is itself of some interest. It is one of those in which are buried the Poles who died fighting as part of the Allied forces; of all the nations of Occupied Europe, none provided so many men and women to fight the Nazis, and it scarcely needs saying that no such contingent fought with greater bravery than the Poles. The hideous irony of Poland's fate should haunt the Western world until Stalin falls on us too. Sold to Stalin at Yalta (I suppose it is a mercy that the crew who so enthusiastically pursued the policy of sending Russian troops to the West were exterminated by Stalin never managed to think up a plan for returning the free Poles to a similar fate), Poland became, and has remained, the most cruelly used of all the colonies

of the Soviet Union. Countless thousands of Poles had been shipped East to die in Stalin's concentration camps after the 1939 Partition; during the war, untold further numbers died at the hands of the Nazis; then, after Poland's "liberation" from one slavery into another, Stalin and his heirs completed the colonization of the country. The rest, surely, even my younger readers know.

To one such Sikorski was lucky to die when and how he did, for at least he escaped the fate of the members of the provisional government set up in Warsaw at the end of the war, who were tricked into going to Moscow and there arrested after a show trial, most of them were murdered.

But though his remains now lie among his fellow-Poles and fellow-soldiers in Newark, who thought that they were fighting and dying to defeat Hitler in the name of freedom, only to discover that in their case it was retrospectively decided that they were doing so in order that they could be exchanged for another puppet-government of Kania and Jaruzelski now wants his ashes back, to be re-interred in the land of his birth.

That, in the circumstances, is a fairly impudent demand; but answered it is a most particular irony that is worse. Until recently, Sikorski's name has been virtually banned in Poland, like that of Thomas Masaryk in Czechoslovakia. The Quislings who rule in the captive nations of the Soviet Empire do not want the people they have betrayed to be reminded of their nation's heroes, lest the people start to think too deeply about the nature of their heroism and of the cause in which it was called forth. A Pole who thinks about Sikorski will inevitably be led to think dangerous thoughts about Sikorski's contribution to the war for his country's independence, and the contrast between Sikorski's aims and Poland's present reality will be too stark indeed. Now, however, the Warsaw viceroys, with no support whatever among the people, feel obliged to try to ingratiate themselves with those whom they rule in the name of a foreign power, and the rehabilitation of General Sikorski is part of that campaign.

Yet even if Sikorski's name had not been expunged from the doctored record of Polish history the present Polish regime does not much matter whether General Sikorski's ashes lie in Nottinghamshire or Warsaw; the ashes are cold, and his deeds of courage and resolution are recorded in history. But it matters greatly that Britain should stand by the free Poles, whether those in exile or those engaged in a struggle to the death in Poland. Refusing to return Sikorski's remains except at the request of a true Polish government of a free Poland would do something to demonstrate that Britain does indeed support the efforts of Poles everywhere to regain their independence and their freedom.

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The ifs and buts of the Biggs affair

On the face of it, the extradition of Ronald Biggs from Barbados looks to be relatively straightforward. But, as the last attempt to get Biggs back demonstrated, such open-and-shut cases can go wrong and there is, in addition, a political consideration over which Britain has no control.

The Brazilian authorities have apparently made representations to the government of Barbados, asking for Biggs to be returned to Brazil, from where he was illegally abducted. That is not a request by the Brazilians for his extradition. Biggs has committed no crime in Brazil. The argument is that Biggs, a person under the protection of the Brazilian government, was the subject of a criminal act which Barbados should not be seen to condone. For reasons of international politics—Biggs is popular among the people of Barbados, and there is a forthcoming election—and for the sake of good foreign relations, the government might be tempted to treat Biggs as an illegal immigrant, and deport him. It is customary to deport an illegal entrant to his last country of call—Brazil. It would be breaking all precedent to deport him, say, to Britain, or to any other country not of his choice.

Assuming, however, the case takes the legal, rather than the political channel, what will happen, and what can go wrong? The Director of Public Prosecutions, through whom the request was prepared at

this end, has wisely decided not to try to get Biggs back on any new charges for instance any connected with the escape because to have done that would have necessitated complicated documentation, sworn affidavits, witness statements and the like, to prove that he had committed a crime. The request to Barbados is being made under the Fugitive Offenders Act 1967, which applies only between Commonwealth countries. Barbados has a similar, reciprocal, law. Where a non-Commonwealth country is involved, slightly different procedures are used depending on the terms of the treaties between the United Kingdom and the foreign state, and subject to the Extradition Acts 1870-1933.

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‘There is no question of Biggs being able to argue that his was a political offence or that his return was being sought by the British to persecute him for his beliefs?’

Under the Fugitive Offenders Act, the British authorities will have to prove to the court in Barbados that Biggs is Biggs (which is not in doubt, and is anyway backed by fingerprint evidence) and that he has committed the kind of offence which is subject to extradition (he has). There is no question of Biggs being able to argue that his was a political offence, or that

his return was being sought by the British in order to persecute him for his beliefs, both of which factors would have allowed him to resist extradition.

There is, however, one possible legal avenue open to him. He will, if the court orders his return to Britain, be entitled to bring an application for habeas corpus. It is specifically stated in the Fugitive Offenders Act that a judge will be entitled to grant an applicant his freedom if it would be unjust or oppressive to return him because of the length of time that has elapsed since the offence or since he has been at large.

This may not be as much in Biggs's favour as it might seem. In previous cases in which the fugitive has successfully applied for habeas corpus, the authorities of the requesting country have been dilatory either in investigating the crime or in asking for the return of the criminal. But where the reason for the time gap has been purely the criminal's, the excuse has not found favour with the courts.

In one case in 1971 it was



Ronald Biggs in Barbados.

held that, despite an eight-year delay, the requesting country was entitled to get the criminal back because it was his own actions that had prolonged the time and the tardiness of the government.

Marcel Berlins
Legal Correspondent

LONDON DIARY

Your honest, disobedient servant

Those of you who do not enjoy an office of profit under the Crown, that is to say, are not civil servants, may be forgiven for having forgotten that there is a full-scale, first class, premier league industrial dispute going on in Whitehall and in government establishments up and down the land.

The revolt of the Brolly Brigade, as these unlikely militants hate to be called, has not had much of a press lately, but I can assure you that their campaign of casting spanners in the wheels of state continues and, indeed, thrives.

So much so that the mandarins have asked those of their minions who are shop stewards to own up and declare how much time they are spending trying to thwart their employers' wage restraint policy—in order that their pay can be docked accordingly.

I know this because there has landed on my desk a little gem from MESB, the Ministry of Eternally Springing Hope,

otherwise known as the Department of the Environment Property Services Agency, Directorate: Estates Management. From Lambeth Bridge House a Mr Bernard Bennett has written to union officials who enjoy "100 per cent facilities time" (what you and I would call full-time shop stewards).

"The grant of facilities time," writes Bennett, "is made to enable you to effectively carry out the range of industrial relations duties to which you have been elected. This does not include time spent in furthering strike action or covering for persons who are on strike duty of some sort."

"It is clearly our management duty to ensure that government resources are not used to further a strike against the Government, and I would imagine that you for your part would not wish to draw salary for what must be, by definition, an anti-employer activity." And he asks all those involved to tell their pay liaison officer exactly how many hours they are spending in anti-employer activity, so that pay can be "abated".

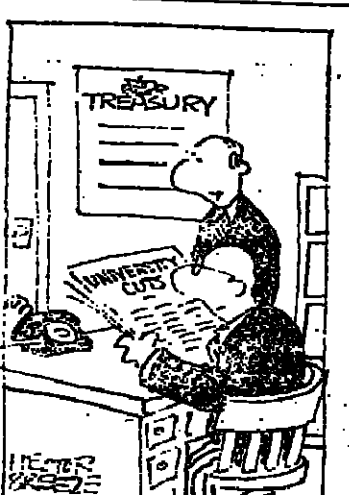
"Oh yes, I'm sure our activists will be queuing up to make sure their pay is docked", said

David Hall, research officer of the Society of Civil and Public Servants, with what I detected as the oral equivalent of a smirk.

Solidarity

The ops room of Civil Service Strike Command at Rochester Row in Victoria is a busy, cluttered sort of place, crisscrossed with phones and bursting with top-secret files on where the strikes will hit next. Just the sort of place, you might imagine, for the Russians or anyone else to indulge in a spot of the currently fashionable trade of spying.

However, relations between the strike leaders and the Soviet Embassy are a little cool at present. When the unions had their one-day strike on March 9 and set up pickets outside Downing Street, they picked up on the grapevine the news that Victor Popov, the Soviet Ambassador, was due to visit the Iron Lady at home to deliver a Very Important Note. So a union official was detailed to phone Popov's secretary with a request that the USSR should respect the comradely picket line. There were some suspicious exchanges.



"And then of course the salaries of 264 economists 'should make quite a saving'."

Marc is on holiday

Popov's man was very worried that there might be "intimidation", presumably having seen television pictures of unruly communists on picket lines. But he brightened up when told there would be only peaceful persuasion. So was every-

thing clear? "Da," he heaved down the phone. "We will go through."

Cross line

In these espionage-obsessed days, the unions organizing the strikes that have robbed the Government of nearly half its revenue (which I think is only fair, as the Government robs me of a fair whack of mine) take it for granted that their telephones are bugged.

Which made it all the more surprising when one of the Council of Civil Service Unions' young lady plotters lifted her earpiece to find herself listening to a conversation about oil, cement, communications, headquarters in London, and how they could lose the bill in other people's departmental accounts. A case of the bugged bugged.

But life for the tacticians of Rochester Row does have its embarrassing moments of a different kind. It seems that one of the three new direct-line phones in the fourth-floor ops room (views over Piccadilly) was once listed as a massage parlour.

The result is that a number

of gentlemen keep on ringing Strike Command to ask if "Heather" is available, or to make even more pointed requests. When they discover whom they are really talking to, I gather that their ardour withers before you can say "flying picket".

From the Historic Houses Association programme of activities for the year: "Saturday 13 June, 'The Italians in England', tickets £6.50 including finger buffet, Friday 19 June, special evening, with exhibition, 'Whose finger?'"

The heat's on

I have had my annual call from Arthur Mackins, the weather forecaster and amateur climatologist, of Begon Regis, promising yet another scorching summer. Last year I published his rosy predictions for the summer of 1980 which were so spectacularly wrong that a cloudburst of adium descended upon our joint heads and drenched our respective reputations.

However, I entirely accept Mackins's defence that he is not in a position to predict major volcanic eruptions. What blew

him disastrously off course last year, he told me yesterday, was the Mount St Helens business. Last May, which threw a mantle of dust between the sun and my back garden.

Mackins, a retired banker, pointed out that Britain experienced precisely the same sort of dismal summer in 1972 soon after an outburst of volcanoes in Alaska.

With neck in noose and fingers crossed against eruptions, I gave you the Mackin cheer for the summer of 1981. And it has to do with Christmas Day last year having been on a Thursday.

Every time in the past 25 years that Christmas has fallen on a Thursday, says Mackins, it has been followed by a fine summer, notably those of 1953, 1969 and 1973. In addition, he can trace a five-year cycle of scorchers throughout the century, starting in 1914 and lasting in 1976. The cycle expired during the forties, but that was probably something to do with Hitler.

The scorchers cycle returned in 1947, a year which 1981 is beginning to resemble. February 1947 was unusually dry (so was this year's) but the March was the wettest on record with

6.5in of rain; this March we have had well over five inches. But by June 1947 they were looking at 95 Fahrenheit in Rickmansworth.

Mackins also forecasts a warmer and wetter spring than usual because the wind will blow from the south at the equinox on March 21; at the same time last year it was from the north, and we all know what the result was. This year we should even avoid the traditional chilly wet month of May known as "Buchan's cold spell".

But Mackins's most important prediction is that July 25, royal wedding day, will be hot and sunny. As before, I invite you to keep these predictions until then; you might be glad the paper to light a fire while you watch the ceremony.

An encouraging sign that the tide of so-called progress is turning. A notice in the London Electricity Board showroom at Mill Hill says that to offer a speedier service customers paying their bills accounts will no longer be receipted by machine; a rubber stamp will be used instead.

Alan Hamilton



COURT CIRCULAR

WINDSOR CASTLE
March 30: The Duke of Edinburgh, attended by Major John Cargill, arrived at Gatwick Airport, London this morning from Hong Kong.

His Royal Highness, as Senior Fellow of the Fellowship of Engineering, this evening attended the New Fellows' Dinner at the Apothecaries' Hall, Bachelors' London, EC4, and was received by the President of the Fellowship (the Viscount Caldecote).

Lord Rupert Nevill was in attendance.

CLARENCE HOUSE
March 30: Queen Elizabeth The Queen Mother, accompanied by Princess Margaret, Countess of Snowdon, was present this evening at the Royal Film Performance in aid of the Cinema and Television Benevolent Fund at the Odeon Theatre, Leicester Square.

The Lady Grantham and Captain Alastair Aird were in attendance.

KENSINGTON PALACE
March 30: The Duchess of Gloucester was present today at the Annual Luncheon in aid of the National Cancer Campaign at Grosvenor House Hotel, London. In the afternoon Her Royal Highness visited the London Main Season Fashion Exhibition at Kensington Exhibition Centre, London.

Mrs Michael Wigley was in attendance.

YORK HOUSE
ST JAMES'S PALACE
March 30: The Duke of Kent, Colonel-in-Chief of the Devonshire and Dorset Regiment, today visited the 1st Battalion at Theford, Norfolk.

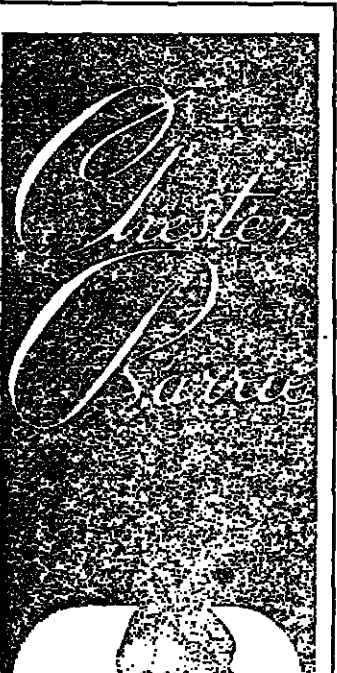
Captain Mark Bullough was in attendance.

Princess Alexandra will open the War Pensioners' National Homecrafts and Art Exhibition and present awards at the Home Memorial Hall, Church House, Westminster, on May 11.

The annual general meeting of the Corporation of King George's Fund for Sailors will be held in the Mansion House, London, on Friday, April 24, at 11 am, by permission of the Lord Mayor, Admiral of the Fleet the Duke of Edinburgh, O.M., president of the fund, will be the principal speaker.

Birthdays today
Sir Robert Cockburn, 72; Mr John Fowles, 63; Viscount Furness, 52; Sir Jim Holland, 70; Mr D. J. Rees, 68; the Very Rev Dr G. T. H. Reid, 71; Professor Dame Sheila Sherlock, 63; Canon Charles H. Smyth, 78; Mr David Steel, 60; 43; Mr Sidney Weizhell, 39; the Earl of Westmorland, 57.

Marriage
Mr J. V. Ellwood and Miss E. M. Trotter. The marriage took place on Friday, March 27, between Mr John Ellwood, son of the late Captain Victor Ellwood and Miss Ellwood, and Miss Trotter, only daughter of the late Lieutenant Colonel George Trotter and Lady Maryneth Hay.



25 years ago
From The Times of Saturday, March 31, 1956.

From Our Correspondent Berlin, March 30.—The East German Communist Party conference ended today on a sudden martial note, as the delegates of the National People's Party and the entire delegation of the East German Communist Party were arrested by the East German secret police.

Three hundred or so East German young recruits from Poland and air units marched in a parade through the streets of East Berlin today, celebrating the 25th anniversary of the formation of the National People's Party.

Their commanding officer took the podium to read a pledge which he then handed amid loud acclamations to Herr Ullrich, who was in the chair. Herr Ullrich was expected, visibly unscathed.

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Piano perfection by

WELMAN

Welman Pianos

Death duty painting left in chapel

By Our Arts Reporter
Thirty elderly gentlemen who live at Sutton's Hospital in the City of London, where residents are known as brothers, will continue to enjoy a work by Luca Giordano, the seventeenth-century Neapolitan painter, which hangs as the altarpiece of their chapel.

The painting has been accepted in lieu of estate duty, but provisions allow such works of art to be left in situ after their acceptance.

The painting, "The Visit of the Virgin Mary to her cousin Elizabeth", has been in the chapel for about a decade on permanent loan from Mr Oswald J. Norris, a member of the governing body of Charterhouse, the public school in Godalming, which is part of the dual foundation with the hospital.

On his death, the painting was accepted by the Treasury in lieu of estate duty.

To mark the completion of negotiations in the week when the National Heritage Memorial Fund reaches its first anniversary, having taken over the National Land Fund's role, Mr Paul

Channon, Minister for the Arts, yesterday formally handed the painting over to Mr Godfrey Thompson, director of the Guildhall Art Gallery, for lending to the governors of Sutton's Hospital.

Thomas Sutton set up his foundation for 80 old gentlemen, and 20 scholars in 1611 and in 1872 the school moved to Surrey.

The number of old gentlemen has decreased to 30. Mr Channon said the first time the painting was passed a year ago that picture had been allocated back to where it had previously hung.

Forthcoming marriages

Mr C. J. Milne and Miss E. E. Winnington. The engagement is announced between Christopher John Milne, elder son of Mr and Mrs John Milne, of Chilton House, Alresford, and Emma Elizabeth, younger daughter of Colonel T. F. C. and Lady Betty Winnington.

Mr J. Foulser and Miss C. A. E. Robinson. The engagement is announced between Jeffrey, only son of Mr and Mrs C. Foulser, and Clementine, younger daughter of Sir Wilfred and Lady Robinson.

Mr C. C. Bazeley and Miss E. M. St. Leger Moore. The engagement is announced between Charles, only son of Mr and Mrs C. C. Bazeley, of Ivy House, Kingston Langley, Wiltshire, and Elizabeth, only daughter of Lieutenant-Commander E. S. St. Leger Moore, Royal Navy, elder son of Mr and Mrs Leger Moore, of 2, Eccle Road, London, SW5.

Mr C. C. Dickinson and Miss L. M. Hart. The engagement is announced between Charles, only son of Mr and Mrs C. C. Dickinson, of 1, Dickinson, of Riyadh, Saudi Arabia, and Louise, daughter of Mr and Mrs John C. M. Hart, of Kenley, Surrey.

Thorn EMI Limited. Sir Richard Cave, Chairman of Thorn EMI, Sir William Barlow, Engineering Group Chairman, and other directors of Thorn EMI were present at a luncheon held at the Savoy Hotel yesterday in honour of Dr Paul Channon, Minister for the Arts.

Women's National Cancer Control Campaign
The Duchess of Gloucester was the guest of honour at the annual luncheon of the Women's National Cancer Control Campaign held at Grosvenor House yesterday. Miss Judith Channon, Chairman of the Appeals Committee, presided and the other speakers were Mr Gordon Bourne, Miss Jean Rook and Mr Leslie Thomas.

Farrington Ward Club
The Lord Mayor and Lady Mayor, accompanied by Alderman and Sheriff and Mrs Anthony Joffe, were the guests of honour at a luncheon given by the Farrington Ward Club, in Gullhall yesterday. The guests were received by the president, Mr S. Rogers, and the chairman, Mr A. N. Eskenize, junior vice-president, and their ladies.

British Council
Dr P. A. I. Tahourdin, Deputy Director-General of the British Council, was present at a luncheon at 10 Spring Gardens yesterday for members of the British-Turkish Mixed Commission.

Torquay bridge congress is cut to three days

By Our Bridge Correspondent
The bridge congress at Torquay, now in its twenty-seventh year, has reduced its programme, in consequence with a shortage of players, to three days instead of four. Its weekend matches were rewarded with an entry of 400 players.

The event winners of the championship teams of four were M. R. Pomfrey and R. D. Bretherton, last year's winners of the championship points, playing with D. Huzzett and C. Bishop. The ladies' teams of four was again won by Mrs R. Westlake, Mrs I. M. Beyer and Mrs J. Hall, with Mrs R. Townsend playing in place of Mrs C. Fisher.

Appointments: 1. Mr and Mrs J. Collins, 2. Mr and Mrs J. Collins, 3. Mr and Mrs J. Collins, 4. Mr and Mrs J. Collins, 5. Mr and Mrs J. Collins, 6. Mr and Mrs J. Collins, 7. Mr and Mrs J. Collins, 8. Mr and Mrs J. Collins, 9. Mr and Mrs J. Collins, 10. Mr and Mrs J. Collins, 11. Mr and Mrs J. Collins, 12. Mr and Mrs J. Collins, 13. Mr and Mrs J. Collins, 14. Mr and Mrs J. Collins, 15. Mr and Mrs J. Collins, 16. Mr and Mrs J. Collins, 17. Mr and Mrs J. Collins, 18. Mr and Mrs J. Collins, 19. Mr and Mrs J. Collins, 20. Mr and Mrs J. Collins, 21. Mr and Mrs J. Collins, 22. Mr and Mrs J. Collins, 23. Mr and Mrs J. Collins, 24. Mr and Mrs J. Collins, 25. Mr and Mrs J. Collins, 26. Mr and Mrs J. Collins, 27. Mr and Mrs J. Collins, 28. Mr and Mrs J. Collins, 29. Mr and Mrs J. Collins, 30. Mr and Mrs J. Collins, 31. Mr and Mrs J. Collins, 32. Mr and Mrs J. Collins, 33. Mr and Mrs J. Collins, 34. Mr and Mrs J. Collins, 35. Mr and Mrs J. Collins, 36. Mr and Mrs J. Collins, 37. Mr and Mrs J. 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EEC reassured

on China

trade,

page 20

Stock markets

FT Ind \$18.8 down 2.5
FT Gilt 69.62 down 0.54

Sterling

\$2.2325 up 1 cent
Index 100.6 up 0.2

Dollar

Index 100.5 down 0.2
DM 2.1153 down 27pts

Gold

\$322.50 down 51.7

Money

3 mth sterling 12 1/2-13 1/2
3 mth Euro \$ 14 1/2-15 1/2
6 mth Euro \$ 14 1/2-15 1/2

IN BRIEF

Shares in money broker suspended

Shares in R. P. Martin, the money broker, were suspended yesterday at 184p. The company has been the subject of bid speculation since Bierbaum, the German money broker, acting with Mr. Tony Whyte and Mr. Hunter Kressel, bought a 29.9 per cent stake last November. Yesterday it was announced that Mr. Whyte and Mr. Kressel were no longer acting in concert with Bierbaum.

West Midlands claim

on Nissan site

The West Midlands county council is spending £20,000 on ending a five-man delegation representing business and trade interests to Tokyo with details of five suggested sites for an attempt to win the proposed £200m Nissan car plant. It claims that its lack of status as an assisted area will not prejudice government grants for the project.

Protest strike

The 1,400 workforce at the Iswick Works of Vickers engineering in Newcastle upon Tyne went on strike after the management announced nearly 70 redundancies and a reorganization of plant. The strike was said to be a protest about the "complete lack of consultation" on the changes, and the men are expected to return to work today.

Blue Circle investment

Blue Circle Industries is announcing investment totalling £60m to improve the energy efficiency and reduce manufacturing costs. Two kilns at the plant, Kent, will be converted and a new plant sited at the company's site at Shipton-on-Cherwell, Oxford. The programme will be completed by 1984.

Turner warning

Mr. Stephen Gibbs, the chairman of Turner & Newall, said the annual report that some other slimming down in the group's United Kingdom operations may be needed to take advantage of opportunities of an economic revival. The Manchester-based group's profits of £6m and 4,400 left the group.

Light gilts trade

First-day trading in the new denominated Treasury 2 per cent 1996 stock was light. The price held flat for most of the day before drifting off to close at 104 1/2 per cent. The stock is 5 p paid until May 1.

Joe plea 'dismissed'

A United States appeals court dismissed St. Joe Minerals' request to stay a lower court order restraining it from proceeding with its proposed \$45-a-share tender offer, according to a report.

Shipbuilders' pay offer

British shipbuilders last night offered its pay offer to 70,000 annual workers to more than 6.8 per cent. Its previous offer was 6.8 per cent.

Governor less optimistic than Chancellor over economic upturn

By David Blake
Economics Editor

Mr. Gordon Richardson, Governor of the Bank of England, yesterday carefully refrained from adding his voice to that of government ministers who are saying that we have touched bottom in the recession.

At a meeting of the House of Commons Treasury Select Committee yesterday, Mr. Richardson said that it was impossible to predict just when the economy would turn. When recovery does come, it will be weak, he said. Last week Sir Geoffrey

Chancellor of the Exchequer told the committee that the economy should touch bottom some time in the first half of this year.

Mr. Richardson did give a firm endorsement to the Government's refusal to slacken the fight against inflation. He said that, if companies and individuals could cut costs by becoming more efficient, growth without inflation should be attainable.

Mr. Richardson endorsed the Chancellor's view that destocking the driving force behind the recession in 1980 may be coming to an end. There was still some way to go but it should turn round in the near future.

Although there were some signs of companies starting to order, that was not yet strong or general. And he said that factors such as the loss of competitiveness would tend to counterbalance any recovery caused by stock building.

Mr. Richardson's cautious tone provoked some committee members to try to get him to comment on the CBI's prediction that output will fall until the end of this year. He refused to be drawn, saying that the most difficult thing to do was

to say exactly "where we are now" in any cycle.

His tone was distinctly less optimistic than that of Sir Geoffrey Howe last week, who drew attention to all the positive factors which he said indicated that an upturn may be on the way soon. Mr. Richardson drew attention to the problems currently confronting the world.

Higher energy prices had both cut output and forced other countries to adopt tight demand management policy, he argued. This meant that recovery throughout the world would be slow.

Mr. Richardson wholly endorsed the decision in the Budget to cut public borrowing. He said that rising forecasts of the public sector borrowing requirement made it essential to do something. Cutting the PSRR would take some pressure off interest rates, and would thus shift the balance between different sectors of the economy.

Committee members asked him if there were any circumstances under which he would be prepared to advocate a fiscal stimulus during the course of the year, but he refused to discuss hypothetical questions.

The closest the Governor came to criticizing the Chancellor was in a discussion of the windfall tax on bank profits announced in the Budget. He said that he was clearly not happy about the tax but could not oppose it unless he had an alternative.

He accented the banks had been lending to companies which were in trouble, but declined to comment on suggestions that the net effect of the tax decision could be to impose very large borrowing need on the Government.

The Governor was distinctly cool about any rapid move to monetary base control. He said

that changes announced at the time of the Budget ought to be looked on as justified in their own right, though they would not make control of sterling M3 easier.

He did stress that some of the changes—notably spreading the requirement for cash assets to all banks, not just the clearing banks—would give the authorities the chance to see how a monetary base system might work. But he made a strong plea for leaving the authorities some discretion over the use of interest rates.

He drew particular attention to the fact that Swiss interest rates are still determined partly in line with discretionary decisions by the Swiss Central Bank, which takes into account such factors as the exchange rate.

The Prime Minister has cited Swiss experience as part of the case for swinging towards a monetary base system of control, relying much more on automatic changes in interest rates than does the present British system.

The Governor stressed the extent to which monetary policy now takes account of more than one factor, although sterling M3 is the only one which is subjected to a formal target. He said that the exchange rate was also taken into account, although there was no formal target for sterling parity.

He gave the European Monetary System a warm nod of encouragement, pointing out that West Germany, which is a member of the EMS, is not lax in its control of the money supply.

He reiterated previous statements that the United Kingdom would join the European exchange rate mechanism at an appropriate time, but it is believed that no decision along these lines is imminent.

Whitehall strike may be costing £2m a week

By Melvyn Westlake

The reduction in the flow of tax revenue resulting from the three-week old industrial action by civil servants, has forced the Government to borrow an additional £800m, which could cost the taxpayer about £2m a week in interest charges. And it will also have the effect of temporarily pushing up the money supply.

Although the Government is trying to play down the effects of the dispute on finances, there is evidence of mounting difficulties. Mr. Leon Brittan, Chief Secretary to the Treasury, denied in the House of Commons yesterday that the action of the civil servants was posing any risk to the Government's overall economic management.

The tax money not getting through would eventually be paid, he said. About three quarters of the normal tax revenues were being received by the Exchequer.

Mr. Brittan assured the House that, at most, there will be a short-term increase in the money supply which will subsequently be corrected. The main effect at the moment was the inconvenience to the public. But the prospects for inflation would be seriously harmed if the Government gave way and conceded excessive pay settlements.

The Chief Secretary was forced to admit that the borrowing requirement for the financial year ending on March 31 would be £500m to £750m more than given at the time of the Budget. The figure given then was £12,760m.

It became clear in Whitehall later that the increase in government borrowing caused by the civil servants' action was a little higher than the top end of the range given by Mr. Brittan. The reason for this was some offsetting factors which would, in the absence of strike action, have caused such borrowing to have been lower than expected at Budget time.

Last week civil servants' leaders claimed that their industrial action was cutting off about two fifths of the Government revenue and had rebled state borrowing.

A Treasury official said that in terms of the gross flow this figure was "in the right ball park". But there were offsetting flows such as VAT repayments which were also not being made. Therefore, the net effect on government finances was somewhat smaller.

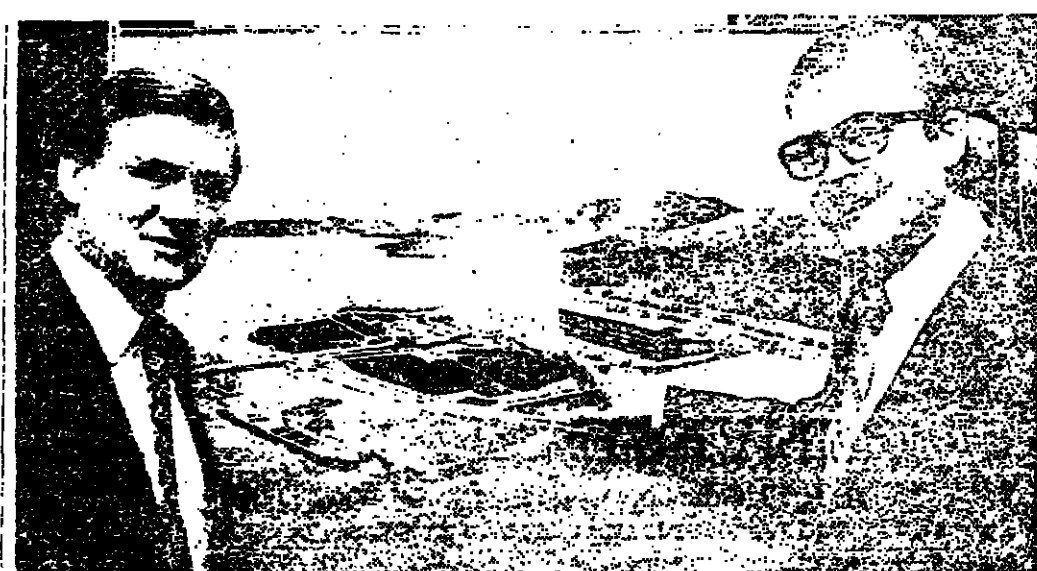
If the dispute had not taken place, the Government would probably have borrowed around £560m in March. As a result of the strike action borrowing will substantially be in excess of £1,000m.

Mr. Brittan claimed in the Commons yesterday that the borrowing would not be higher than the Government had planned. This, however, appeared to be only a semantic point.

What usually happens at this time of the year when there is a strong seasonal flow of revenue to the Exchequer is that the Government reduces some of its outstanding debt in the London money markets.

The drop in tax revenues means that the Government will not be able to reduce this outstanding debt by anything like the amount it had planned. This means that the action of civil servants is not leading to new borrowing but to an extension of old borrowing.

The result is the same. It will still lead to increased borrowing charges. Short-term interest rates in the money markets are around 12 per cent. The short-term nature of the extra borrowing will enable the Government to reverse the position quickly when the delayed revenue eventually flows in to the Exchequer.



Hongkong deal: Mr Kenneth Baker (right), Minister of State for Industry, and Mr Cecil Parkinson, Minister for Trade, at the Department of Industry yesterday, giving details of the £550m order for the Castle Peak B power station in Hongkong, which was awarded to an industrial consortium led by GEC. The station is the larger of the two in the artist's impression of the Castle Peak site.

Successful negotiations of the deal involved teamwork by several government departments, including the Export, Credits Guarantee Department. The City's largest

project financing package is being arranged by Schroder Waga.

The first of the four planned 660 megawatt units at the station should enter commercial operation in 1986, with all four in operation by 1990. The order was placed by China Light and Power Company and associates, which supply electricity to Kowloon and the New Territories of Hongkong, and also supplies some power to the adjacent Chinese Province of Guangdong.

Details, page 22
New approach, page 23

Poland seeks \$1,000m bridging loan as debt talks open

By Michael Prest

At the eve of today's meeting in London at which a group of western banks is to discuss with Polish bankers and officials rescheduling the \$3,100m (£1,377m) repayments due this year, it is understood that Poland has reiterated its request for a further \$1,000m bridging loan and for six months' relief on the payment of principal on commercial loans.

Although such requests can be seen as part of the bargaining position adopted by Bank Handlowy, the Polish foreign trade bank, they could further complicate the negotiations, already made difficult by the uncertain political outlook and by Poland's dearth of foreign currency.

At the latest count Poland's external debts amount to \$23,100m. Of that sum \$12,700m is owed to banks and \$10,400m to western governments and export credit agencies. Poland also has debts outstanding to Comcon members, chiefly the Soviet Union.

The Poles asked at meeting in Paris at the beginning of March that the \$3,100m they should repay to western banks this year be rescheduled. The suggestion came soon after governments had been asked to reschedule the \$4,400m Poland owes them.

Since the governments have not made up their minds about this request—partly because the position of the new American administration is not

clear—it is thought possible by banking sources that no agreement will be reached at today's meeting. The meeting could be extended to Wednesday.

Western banks in 13 countries will be represented today by a steering committee headed by the Chase Manhattan. Mr. Peter Greer, a senior vice-president of the Chase who specializes in Eastern Europe, is moderator of the committee. He will soon hand over the position to another banker.

After the group has conferred in the Armourer's Hall in the City during the morning it will meet the Polish delegation, headed by Mr. Jan Woloszyn, deputy chairman of Bank Handlowy, in the afternoon.

Much the biggest problem facing the banks is Poland's request for new financing. There seems little doubt that the banks will have to reschedule existing debts, but there are sharp divisions of opinion over the advisability of making fresh loans.

Poland has estimated its total external financing needs for this year at \$10,900m. Debt repayments to banks and governments account for \$7,500m of that, while interest payments on current debts will be \$2,600m. Another \$800m will be required to cover the projected trade deficit.

One unknown factor is how much the Soviet Union is willing to help Poland.

Decline in Polish trade, page 22

Banks look set for more disruption

By David Felton

The results of ballots covering more than 100,000 bank workers on whether the pay dispute should be escalated will be announced before the weekend, and early indications are that there will be further disruption of the banks.

A ballot of 90,000 members of the Clearing Bank Union (CBU) is almost complete and it is understood that the late returns reflect a mood for rejection of the employers' "final" 10 per cent offer and backing for selective industrial action. The union hopes that any action it takes will have a minimal effect on the public.

The union's annual conference opens in Birmingham today and officials hope to be able to announce the result of the ballot before the conference closes tomorrow evening.

It is thought that the employers' threat to close all branches of the banks if the action is escalated has stiffened the resolve of the members of the union, which is not affiliated to the TUC and is traditionally moderate.

Union officials believe that the Budget and latest retail price index figures will have affected the voting. The union is looking for an increase of around 12 per cent to 13 per cent to keep pace with inflation.

Two other ballots are also due to be declared this week in the Banking Insurance and Finance Union (Bifu) on further industrial action to follow one day stoppages.

Speculation over new Savoy bid

By Andrew Goodrick-Clarke
Financial Editor

Speculation that another bidder would emerge for the Savoy Hotel added £5m to the market value of the group's strategically important "A" shares yesterday. The "A" shares rose from 200p to 205p, but Mr. Giles Shepard, the company's managing director, said that no alternative to the disputed £58m offer from Trusthouse Forte had been received.

"I am sure lots of people are interested, but we have had no approaches," he said. The Friday the courts are due to hear a summons taken out against the Savoy by Trusthouse. The Registrar will be asked to decide whether Trusthouse can go ahead with its Scheme of Arrangement bid for the hotel group which would enable it to call separate meetings of the Savoy's "A" and heavy voting "B" shareholders.

Trusthouse, backed by the 35 per cent shareholding of the Kuwait Investment Office in the "A" capital, has identified a weakness in the Savoy's defensive position.

If it can persuade shareholders with 75 per cent of the "A" shares to vote for its terms, it will win 51 per cent of the Savoy's votes and thus gain control of the company.

On the question of a counter-bidder, there are two possibilities. The first is that one of the groups which has tried unsuccessfully before to persuade the Savoy board to agree to a takeover will try again, using the same tactics as Trusthouse.

In that case a bidder such as Sir Maxwell Joseph's Grand Metropolitan, or Trafalgar would wait until the outcome of the court action was known. The alternative is that the Savoy itself, together with Barings, its merchant bank advisers, is busily trying to find an acceptable merger deal to thwart the ambitions of Trusthouse and others whom the Savoy board has spurned in recent years. In that case, the likelihood is that an overseas company would be involved.

Eurofer 'progress' on voluntary steel curbs

From Peter Norman
Brussels, March 30

The European Community's leading steelmaking groups have made further progress towards setting up a voluntary system of production restraint to replace the EEC Commission's regime of mandatory controls which expires at the end of June.

But although the members of the Eurofer steelmakers' club were able to agree on a largely positive statement following an all-day meeting in Luxembourg yesterday, the German steel industry has again put pressure on the Government in Bonn to act against low-price imports of subsidised steel from other EEC member states.

The 15 members of Eurofer said they reached agreement on how to cut back production of reversing mill plate and wide flats—products that make up the second group of rolled products covered by the Commission regime.

In the case of hot rolled wide and narrow strip (Group One of the Commission categories), 14 out of the 15 companies were reported to have reached "a great deal of agreement" while "a large convergence of views" on the part of all companies was expected in the case of heavy sections (Group Three).

The absence of any reference in the Eurofer communiqué to Group Four, the light sections which comprise the vast majority of concrete reinforcing bars and other merchant bars, suggests that a large amount of work has to be done to reach agreement in this area. Eurofer will meet again in Luxembourg on April 2 to try to complete the voluntary pact.

The reference in the com-

munique to a dissident company fuelled speculation in Brussels today that Kloeckner-Werke AG is still proving a reluctant partner in the proposed voluntary scheme. In German steel industry circles, however, the conviction seemed to be growing that a voluntary agreement will be reached in the course of this week and Kloeckner will belong to it.

However, the negotiations over production cuts in Group Four are likely to prove difficult. The issue is complicated by the relatively high proportion of Group Four output accounted for by the small independent steel producers which have so far not been involved in the Eurofer talks.

Despite the apparent progress made in the Eurofer negotiations, 10 chief executives in the West German steel industry today sent a telex to Herr Helmut Schmidt, the Chancellor, urging that the cabinet meeting on Wednesday take action to stem the inflow of cheap subsidised steel into the country.

They said that any voluntary production agreement would have to be accompanied by border levies on imported steel to protect the German industry's financial position.

Moreover, they demanded that Bonn should adopt a policy of promoting investments in the steel industry to "neutralise the massive state aids granted in other countries". The German steelmakers expressed grave concern about the future safety of jobs in the industry. They said the Bonn Government should act even if current unfair competitive conditions were likely to apply for a short time only.

Slice of luck saves Lloyd's from \$250,000 golf payout
Risk that's par for the course

A group of Lloyd's underwriters is counting its blessings after an argument over a "few hundred dollars" saved them from having to pay out a \$250,000 "insurance" claim from a United States golf promoter.

The promoter, Mr. Jack Cooney, had wanted to cover himself against any player collecting a \$250,000 "bonus" prize put up to attract extra attention to three early events on the United States professional tour.

The prize would be added to the normal "win" money for any player capable of finishing first consecutively in two out of the three tournaments, all staged in Florida.

Defying the laws of probability, top professional Ray Floyd duly picked up the biggest cash prize in golf history by capturing the Doral Eastern Open in Miami earlier this month followed by the Tournament Players Championship at Vedre Beach.

But for a last-minute argument over the premium, Lloyd's underwriters would have had to foot the bill for the claim which will now be met by insurance companies in the United States.

Mr. Jim Yates, underwriter for the Paul Barnes syndicate at Lloyd's and a specialist in this type of "contingency" risk, explained yesterday that his syndicate had initially been prepared to write the business for a \$25,000 premium. Such is the psychology of golf at all levels that consecutive events are rarely won by the same player and given the strength of competition on the United States circuit the odds at that rate seemed sound.

However, a late switch of venue to an easier course for one event—and a few days' time-lag between tournaments—was sufficient to cause unease.

The reasoning was that after a few days' rest a winning player might just get over the "winner's jitters" enough "to keep his head down" in the subsequent tournament.

"We asked for a bigger premium, but I think it was only about \$500," Mr. Yates said.

The upshot was that the United States brokers involved took the business back from the United Kingdom group, Minter Holdings, who had introduced it at Lloyd's and placed it with American insurers.

Although policies like this one are frowned upon by

Lloyd's traditionalists, who see them as straight bookmaking, a number of syndicates in the market do brisk business covering some of the zany risks demanded by sports sponsors, particularly in golf.

Mr. Yates said yesterday: "We like this sort of risk because it is short tail (the insurers know the outcome within a short period of time) and because overall it is highly profitable." Certainly more profitable, he believes, than writing more conventional business such as fire risks at a time when competition has pushed rates down to uneconomic levels.

Writing fire business at the moment is like bending down to pick up sixpence and putting your backside through a plate-glass window," he said.

Lloyd's underwriters in contingency business are not always so lucky, however. Last year different syndicates covering another golf sponsor against having to pay out a \$100,000 prize if the tournament stroke record was broken, found themselves having to pay up twice when two players achieved the feat.

Richard Allen

Freemans

Mail Order

Preliminary results for the 53 weeks ended 31st January, 1981

	53 weeks ended 31 January 1981	52 weeks ended 26 January 1980
Turnover	260,127	231,248
VAT	30,693	22,791
	229,434	208,457
Profit before taxation	10,644	15,521
Profit after taxation	7,817	12,431

- ★ Sales excluding VAT up 10%
- ★ Profits before taxation down 31%
- ★ Proposed final dividend unchanged—2p per share
- ★ Active agents at record 530,000—up 8%
- ★ Current spring/summer catalogue well received
- ★ Order Line, our telephone ordering network, operational nationwide this summer
- ★ Budget makes outcome for 1981 uncertain

Copies of the Annual Report and Accounts, when published, will be available from the Company Secretary (01-735 7644).

Freemans (London SW9) Ltd. 139 Clapham Road London SW9 0HR

PRICE CHANGES

ises				
Steel	27p to 310p	Nesco Inv	15p to 190p	
IV Hides	17p to 240p	Pico Hides	6p to 160p	
Ord	15p to 150p	P&O Dtd	6p to 140p	
Upperends	6p to 150p	Steel Bros	7p to 150p	
	7p to 43p	Westland Air	6p to 144p	

alls				
ign Am Corp	19p to 675p	Midland	21p to 305p	
tainic	14p to 230p	Minicor	12p to 675p	
ackon Mlcs	24p to 150p	Patterson Zoch	15p to 615p	
rdine M'son	14p to 180p	Refuse	15p to 235p	
slie	25p to 132p	Ultramar	10p to 475p	

THE POUND				
Bank	Bank	Bank	Bank	
buys	sells	buys	sells	
Australia \$	2.00	Netherlands Gld	5.46	5.30
India Sch	35.35	Norway Kr	12.61	11.96
Islam Sch	82.75	Portugal Esc	130.00	124.00
Italy S	2.71	South Africa R	2.09	1.95
mark Kr	15.50	Spain Pta	160.00	157.00
land Mkk	9.55	Switzerland Fr	4.49	4.26
nce Fr	11.50	USA \$	2.29	2.22
rmay DM	4.92	Yugoslavia Dnr	82.50	77.00
tee Dr	116.00			
ongkuz \$	12.20			
land Pd	1.25			
ly Lit	2435.00			
yen Yn	499.00			

Barclays 1980

The impact of high interest rates.

The Annual General Meeting of Barclays Bank Limited will be held in London on April 29th, 1981. The following are extracts from the address to the Stockholders by the Chairman, Sir Anthony Tuke, for the year 1980.

Our profits of £523.5 million are about the same as in 1979 and can be regarded as satisfactory. In part they reflect the fact that the clearing bank has enjoyed the benefit of high interest rates in this country though some of this benefit has been eroded by increased costs. These must concern us when rates come down, as they almost certainly will during the next few months. In addition, our customers have, not surprisingly, been quick to realise the advantage of placing funds on interest bearing deposit rather than leaving them on current account.

We have during the last few months been subject to a degree of criticism, mainly in the political field, for what are called large windfall profits. This is not entirely surprising since throughout history lenders of money have never been all that popular. In the past, however, when a country has suffered a major recession its bankers have suffered also but this recession is different, with high interest rates ensuring that the tribulations of industry are not shared by the banks. Indeed it would not be altogether unreasonable for our borrowing customers to go further and observe that some of their profits are being absorbed by high interest rates which find their way into the profit and loss account of the banks; but these high rates are not of our making as they are part of the Government's policy and I am sure our stockholders expect the Board and management of the bank to run their affairs competently and prudently, whatever the state of the financial wicket.

A recession with high rates for any length of time invariably brings with it a sharp increase in our provisions and stockholders will see that we have had to set aside £102.9 million this year for specific provisions, plus a further £31.6 million for what we call general provisions against lendings already in our portfolio but not yet identified as doubtful. These increased bad debts are one important factor which must be set off against the benefit the clearing bank receives from high rates. Even more important is the effect these high rates have on other parts of our Group. They are a disadvantage to Mercantile Credit Company, our consumer finance arm, and they are a disadvantage to Barclaycard, both of which raise almost all their funds in the market. Apart from that, Barclays Bank International gets very little benefit from high rates in this country and obviously suffers from a strong pound which some people consider is a corollary of high rates. So looked at from the point of view of the Group as a whole and bearing in mind the substantial contribution these divisions make, it is particularly encouraging that there is a strong underlying level of profitability on which we can rely when interest rates fall to more acceptable levels.

Bankers have an additional responsibility in today's conditions and that is to do everything possible to see their customers through the present rough water, in some cases going beyond the bounds of normal banking judgment. This we are certainly doing in a number of areas and we hope thus not only to preserve the jobs of men and women who might otherwise be unemployed but also to preserve worthwhile businesses for the future.

International

On the international side, we have had a good year, especially when one looks at the strength of sterling against the other main currencies in which we trade. The satisfactory profits of the clearing bank have enabled us to capitalise and strengthen BBI's policy of expansion and diversification in the more stable growth areas of the world. This not only broadens the foundations of the Barclays Group but will provide important sources of foreign earnings for the country when the flow of North Sea oil is reduced.

In the United States we have in the past two years invested about \$400 million. In 1980 Barclays-American Corporation took over 138 offices of Beneficial Corporation and in December completed the purchase of the finance company subsidiary of the very important Aetna Life and Casualty Company. This means that Barclays-American Corporation now has 484 branches in no less than 36 states with balance sheet footings of more than \$2 billion and is thus becoming a real force in the market. We also acquired 31 branches of Bankers Trust in Long Island for Barclays Bank of New York and have recently opened offices of BBI in Miami and Seattle, in addition to those we already have in eight other cities. In the Far East we have acquired the minority holding in Trident International which will enable the company, under its new name Barclays Asia Limited, to provide its merchant banking services in support of the Group throughout the region.

A significant worry facing international banks today is what is called country risk. This is partly political but the greater risk is because a number of less developed countries, which are already suffering from the recession affecting the developed countries' ability to buy their products, might, however hard they try, be unable to pay the ever increasing cost of their oil imports. These less developed countries could, as a result, find difficulty in servicing existing loans. Our responsibility to stockholders forces us to take a realistic view as to how much of the Bank's capital and reserves should be at risk to this or that country. This is a problem to which we are constantly alive and in order to improve our ability to monitor the level of risks which we adopt in different countries and also in different industries, we have recently revised the structure of our international lending lines and gathered them together in a Central Advances Department in London. We are confident that this enables us to combine prudence with a continued ability to seek out and grasp attractive opportunities for business around the world.

World recession

The Brandt Commission report points clearly to the disastrous results of what has been called "oil-fired stagflation" throughout the world. It is a strange and regrettable fact that whereas the comparable standard of living of the 20 richest countries of the world narrowed considerably during the last 25 years, the gap between us and the 30 or 40 poorest countries continues to widen, aggravated by the ever increasing price of oil. It would need a super-optimist to forecast that the price of oil and other energy will somehow come down. This is a fundamental change since the middle seventies and is almost certainly irreversible but surely the increasing gap between what is now called North and South is reversible; it is clearly in the interests of the North to see that it is, as we are traders and badly need to see an increase in world trade at a time of recession and high unemployment.

It will not be easy for the international banks to shoulder any more of the burden of recycling funds to the countries which need them most; there have recently been suggestions that the IMF and the World Bank might raise money from the market and then decide how to onlend it. They inevitably have more muscle than we have and also better access to details of the borrower's position. This would be a positive step forward and we in the private sector must recognise that there is a clear mutuality of interest between Governments, supra-national bodies and ourselves, in both the economically advanced and the less advanced countries in grappling with these critical issues.

Our Merchant Bank has had another satisfactory year. Its pre-tax profits, although marginally up on 1979, do not demonstrate the progress that has been made in the last two years. When it was established a number of years ago, we consciously took the decision to ensure it was closely identified with the rest of the Group. We did this in order to emphasise our intention to provide all the various financial services which might be required by our customers. Over the past two years we have continued to widen the range of its services by increasing the number and quality of specialists thereby improving the flow of profitable business to other parts of the Group. We have also strengthened the links between our merchant bank in London and our merchant banks operating abroad in South Africa, Australia, Hong Kong and elsewhere.

Of particular interest, given the concern shared in all quarters about the strength of the small and medium sized companies sector, is the growth of Barclays Development Capital Limited, which we set up specifically to provide new or replacement equity capital for private companies. Working closely with the

clearing bank's local head office structure, this company is ready to assist with equity participation of £100,000 or more by way of replacement capital, or as part of a management buyout. Indeed, it is encouraging that by 31st December 1980 Barclays Development Capital Limited had invested £2.79 million by way of equity finance in the UK and that at the time of writing it has offered or invested a further £1.4 million.

The Trust Company continues to provide a most important service, both to the clearing bank and to BBI. Traditionally it was confined, as its name suggests, to the administration of trusts and estates and the provision of advice on personal income tax, but in recent years there has been considerable expansion in the corporate business sector, notably in pension fund and property management. Our Unicorn trusts have done well this year and it is very satisfactory to see an increased contribution from the Trust Company in 1980.

Social responsibility

Our stockholders will see in the Report and Accounts that in 1980 we made donations of £1,129,218 in this country. If one adds what our subsidiaries gave in various parts of the world, plus a proportion, at least, of our sponsorship budget, some of which almost amounts to patronage, we reach an overall figure of £2,474,957. A further important contribution within the Group is the BBI Development Fund which, since its foundation in 1970, has provided support totalling £2,089,659 almost entirely in the poorer countries in the world. Above all however, we must bear in mind that these funds do belong to our stockholders but we know well that they support us, particularly at a time of good profits, in returning to the community a proportion of those profits.

As part of our policy, we allocate a substantial sum each year to what we call Social Responsibility. In these cases we actively seek causes worthy of support rather than wait until we are approached; as one would expect we are not short of approaches and last year we received more than 4,000 appeals. During the last few months, the Arts have figured prominently and clearly we should not neglect them, even though any support we can give is relatively insignificant in relation to the Arts Council's budget of £80 million. Stockholders may however like to know that during 1980 we supported the Royal Opera House Covent Garden, Sadler's Wells Royal Ballet, the Royal Shakespeare Company, the Mermaid Theatre and perhaps most important of all since the very survival of the Company now depends on private patronage, the D'Oyly Carte performances of the Gilbert and Sullivan operas. We are also sponsoring a new production at the English National Opera in 1981.

It is perhaps permissible for someone writing his last report to stockholders to look back, albeit briefly, over the last thirty five years and at the same time indulge in the luxury of peering into the eighties. Based on my experience during the 1950s and 1960s in the front line of money lending, I believe that lack of flexibility was our main weakness. We were all taught that the greatest sin of all was borrowing short and lending long, and certainly the experience of some lesser banks in the middle 1970s seemed to underline that particular sin. At the risk of being a heretic, however, I believe we were too wedded to the traditional adage of what was and what was not "a banking proposition". Banking propositions now cover a much wider spectrum and a number of new ideas have emerged during the last few years, but perhaps we should have grasped the medium term nettle twenty five years ago. This would have provided a valuable facility, not least to enable the smaller businesses to have easier access to money for modernisation and re-equipment. We failed to appreciate the paradoxical fact that our most stable and long term deposits are our current accounts - technically repayable on demand. If we were slow to provide a flexible package we must also record the fact that we had a ready ally in the Government of the day, whichever party was in power, since seldom during the last 35 years have we been free of some sort of restriction on our lendings, whether qualitative, quantitative or both.

Prospects

What then does the future hold in store for the clearing bankers? I believe we must be prepared to think of ourselves as universal providers of finance, at least in this country. With an extensive and expensive network of branches, we must make sure that we are able to offer every form of finance for all our citizens and this will certainly include a mortgage. Even more important than the provision of finance, is the ability to compete effectively for savings and we must make sure that we find means of marketing new schemes as they arise. One of our customers told me the other day that he felt the clearing banks were not sufficiently distinguishable from each other and one must admit that we often read in the papers that the "high street banks" have done this or that, as if we were all of the same mould; expressions like "shades of grey" come to mind. This is not entirely fair but in the eighties we will have to face a challenge to create for ourselves a special ethos so that new ideas, both in the savings and the lending field and covering our private and corporate customers, will come to be linked with one particular bank. Perhaps the only major original package that has emerged in the last fifteen years has been the birth of Barclaycard in 1966. It was not a particularly easy delivery but has now grown into a sturdy teenager and it is rather satisfactory to see that Chambers Dictionary now includes Barclaycard as an accepted noun in our language.

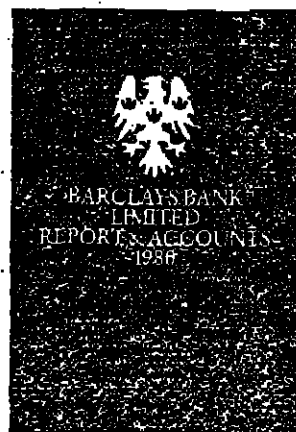
Any bank, particularly one as widely spread as we are, might claim to have the most up-to-date computer equipment and premises as good as any in the world, but it will not face up to and match its competitors unless the men and women in the organisation are competent, loyal and hard working. Stockholders are, I am sure, aware that the key element in the success of our Bank is the ability of our staff in more than 75 countries to accept the inevitable day-to-day aggravations and look after our customers cheerfully and efficiently.

I hope we can claim that the Barclays' torch is burning brightly in 1981 and I am delighted that our Board has asked Timothy Bevan to take it up after the Annual General Meeting in April. We have worked closely together during the last twelve years and, like many of us, he has spent all his working life in Barclays. Stockholders will, I know, be particularly pleased that he will lead and serve the Bank in the years to come.

Anthony Tuke

Sir Anthony Tuke, Chairman of Barclays Bank Limited.

The Barclays Bank Report and Accounts gives a comprehensive review of the Group's activities in the UK and around the world. To obtain a copy, just send this coupon to the address below.



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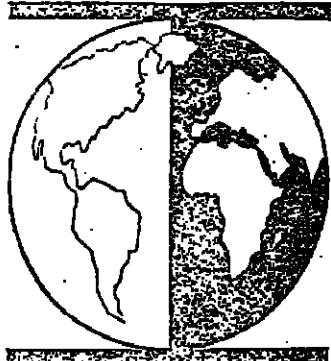
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Threat to Japanese jobs by car export cuts

As Japan and America try to agree on a voluntary restraint figure of car imports into the United States—1,819 million units in 1980—Sumitomo Bank in Tokyo said that a 10 per cent drop in Japan's car exports to America would lead to the loss of 4,700 jobs.

The bank released the results of its study on the impact of a decline in car exports to America as the two countries attempt to defuse the tension generated by Japan's increasing shipments.

Sumitomo economists said that, if Japan's car exports to the United States fall 10 per cent from 1980 while shipments to other countries remain at their 1980 levels, employment in the car industry and related industries, such as steel and petrochemicals, would decline 47,000 and the country's real gross national product would go down 0.14 per cent.

If car exports declined 15 per cent from 1980, the bank economists predicted, that 70,000 Japanese would lose jobs and the real g.n.p. would decline 0.21 per cent.

Desert pipeline

Work has begun on the eastern half of the Saline Water Conversion Corporation's 466-kilometre water pipeline from Jubail to Riyadh in Saudi Arabia. Nacap, the Dutch contractor said that 35 per cent of the pipeline had been prepared and that welding was expected to begin sometime next week.

Investment in Spain

The Spanish Government has approved measures to reduce the number of departments a foreign investor will have to go through to invest in Spain.

Amazon venture

Japan's National Oil Corporation (NOC) said it plans to send a survey mission to Brazil in April or May for feasibility studies on joint oil development with Petrobras in the upper Amazon area and an offshore area.

Car registrations

The foreign market share of new passenger car registrations in West Germany during the first two months of 1981 rose to 29 per cent from 24 per cent in the year earlier period, according to West Germany's Federal Motor Vehicle Registry.

Political and economic problems cut imports from UK by half

Concern over fall in Polish trade

Trade with Poland, Britain's second largest market in Eastern Europe after the Soviet Union, is already showing sharp declines this year in the wake of the Pole's political and economic troubles.

Provisional figures for the first two months of this year compared with last show a 42 per cent decline in British exports to Poland, and Polish imports into Britain were down 47 per cent.

The declines were described yesterday as "very worrying" by the East European Trade Council whose executive secretary, Mr Anthony Hore, believes it could take some years for trade to recover.

Mr Hore said: "All of us hope that companies who have invested time and money developing the Polish market will not pull out, because in the final analysis this is a big country with a lot of natural wealth, like coal and other resources."

Although British exports to Poland were up more than 13 per cent last year compared with 1979, declines in several sectors were beginning to show up in 1980. Various forms of machinery were down as much as 60 per cent, although the total machinery and transport equipment sector was up rather more than 22 per cent.

Part of that increase was affected by the continued deliveries under the controversial £115m shipbuilding deal in which British yards were constructing 24 vessels for the Poles. Possibly a quarter of the value of the machinery and transport equipment sector was accounted for by ship deliveries.

The other big jump in United Kingdom exports to Poland was of unimproved barley, by more than 90 per cent over the 1979 totals. The Poles, hit by two bad harvests, needed increased supplies of cereals, and a number of special financing deals have been made to allow them to import more.

The level of Polish imports from Britain—worldwide, Poland ranks twenty-eighth

in value as a market for British goods—also depended on the subsidies Poles getting continued financial help. Britain's Export Credits Guarantee Department has more than £160m committed to lines of credit to Poland, and for the first quarter of this year allowed a £16m refinancing to help relieve the Polish authorities of some of their payment obligations on earlier credit.

Talks are in progress on longer-term arrangements for the underpinning of Polish trade. Subject to these, ECED cover for short-term commercial contracts is expected to continue on its present basis.

Polish exports to Britain in the first two months of this year appear to have been affected across the board. Last year Polish exports were down just over 15 per cent, with some areas such as non-ferrous metals declining by 60 per cent. Coal, one of the country's most productive exports, was down 31 per cent after a fall in coal production in Poland. There have been reports that worldwide Polish coal exports are down about 28 per cent in recent months.

But some materials supplies have been kept up, notably fertilizers, minerals, hides, iron and steel. But among manufactured goods, vehicles plunged 32 per cent, although footwear rose 16 per cent.

Although the burden of Polish international debt underlines its need for exports, the fate of the £200m Masey Ferguson and Perkins engines licensing deal for tractors and engines has demonstrated the difficulties of generating such exports. Imported components have put such a strain on the country's need for hard currency that production in Poland of tractors and engines is well under target and none has yet been exported to earn currency.

Derek Harris

ANGLO-POLISH TRADE (£m)

	1979	1980	change
Polish exports to UK			
Meat	17.7	17.6	-0.6
Hides and skins	18.5	21.5	+18.2
Cork and wood	25.4	22.8	-9.8
Crude fertilizers and minerals	13.4	16.7	+24.6
Coal	19.3	13.3	-31.1
Iron and steel	9.3	11.7	+25.8
Road vehicles	15.0	10.2	-32.0
Footwear	11.2	13.0	+16.1
Non-ferrous metals	11.1	4.4	-60.4
All other goods	88.4	63.2	-28.5
Total	229.3	194.5	-15.2

Polish imports from UK			
Cereals (unimproved barley)	32.1	61.8	+92.5
Machinery and transport equipment	99.7	122.0	+22.4
including:			
specialized mach	(14.5)	(13.9)	-4.8
metalworking mach	(20.2)	(7.7)	-61.9
general ind mach	(30.0)	(23.2)	-22.7
electrical mach	(8.1)	(5.0)	-38.3
Artificial resins and plastics	7.6	12.1	+59.2
All other goods	121.2	100.4	-17.1
Total	260.8	296.3	+13.7

Source: Department of Trade

£550m Hongkong power plant order for GEC confirmed

By Kenneth Owen

Britain's largest power plant export order, for a £550m, 2,640 megawatt coal-fired power station for Hongkong, was confirmed yesterday in a joint announcement by Mr Kenneth Baker, Minister of State for Industry, and Mr Cecil Parkinson, Minister for Trade.

The ministers said that agreement on the sale had been reached, between China Light & Power Company with Eastern Energy (an Exxon company) and GEC Turbine Generators of Rugby. Formal contracts are expected to be signed by August 1.

The contract is for the design and supply of a second power station on the Castle Peak site in the New Territories of Hongkong. The British delegation in the negotiations was led by Mr Gordon Manzie, Deputy Secretary in the Department of Industry.

GEC will act as main contractor and will supply the turbine generators, with Babcock Power as principal subcontractor and supplier of the boilers. Management services will be provided by British Electricity

International, the overseas consultancy of the United Kingdom electricity supply industry. Civil design consultancy services will be provided by L. G. Mouchel and Partners.

A financial package which is described as the largest project financing to be arranged in the City of London is being arranged by J. Henry Schroder Wagg and Company with the support of the Export Credits Guarantee Department.

The total package will amount to about \$1,800m (over £800m), made up of export credits of \$1,500m and a commercial loan of \$300m.

The deal was a good example of a partnership between Government, industry and the City, Mr Baker said. Mr Parkinson added: "The close cooperation between the Department of Trade and the Department of Industry made possible by the new Projects and Export Policy Division we set up last year has worked really well."

About 34,000 man-years of work will be created directly by the power station contract, plus perhaps the same amount again in indirectly associated work. It should support employment over about seven years at GEC factories in Rugby, Trafford Park, in Manchester, Staf-

ford, Liverpool, and Larne in Northern Ireland; at the main Babcock Power factory at Renfrew, Glasgow and in many subcontractors throughout the United Kingdom.

The station will be one of the largest in Asia and will be built next to one already under construction (also by GEC) at Castle Peak.

The contract did not go out to international tender, so the parties concerned had to assure themselves that the final price of the negotiated contract would be internationally competitive. The Department of Industry employed consultants for this purpose and the clients employed Electrowatt Engineering Services of Switzerland and Gilbert Associates of the United States.

GEC described the contract as the biggest single export order ever placed for manufacture in the United Kingdom. It is nominally valued at £550m, but could exceed £600m "with variations".

The station, known as Castle Point B, will have four 660 megawatt turbine generators. The first station on the site, Castle Point A, has four 350 megawatt turbine generators and four 60 megawatt gas turbines.

New energy offensive by steelmakers

By Patricia Tisdall

Steel producers are to launch a new offensive to try to get electricity prices more into line with those paid by their continental competitors. They complain that new pricing arrangements which take effect from tomorrow will have only a negligible effect on price discrepancies.

The British Independent Steel Producers Association and the British Steel Corporation are pressing the Electricity Council to restructure its bulk supply tariff arrangements. According to Bispa, the April tariff will still leave the prices paid for electricity by British producers between 20 and 40 per cent higher than some of their rivals.

The new, flexible supply scheme which is intended to help bulk users will, according to Bispa calculations, lop only about 3 per cent off some members' electricity bills. As a result, they will pay an increase of about 13 per cent instead of the 15 per cent increase of the new prices from April 1.

While welcoming any reduction in the industry's bill, which amounted to about £130m in 1980, Mr Ian Blakey director of Bispa, describes it as a "totally inadequate" response to proposals made jointly with the BSC before the Budget.

Comparisons between equivalent steel plants in Britain and Southern Germany show that under the new prices the British producer will still be paying over a third more for electricity than his German rival.

LETTERS TO THE EDITOR

Best of both worlds

From Mr John Field.
Sir, In his article about Sir Keith's struggle with the engineering institutions, Derek Harris states that "... the institutions want to keep what they call self regulation and what others more aptly have described as the privileges of an exclusive club."

However regulated, there must always be exclusivity in a profession since only those who have reached an appropriate level of skill and who maintain high standards can be considered as qualified to practise it. In no other way can the institutions be considered as exclusive.

The Institution of Civil Engineers, for example, has some 60,000 members of many races and creeds and coming from very diverse social and economic backgrounds. We are also a long way from the elitism of, say, the French system where a graduate of the Ecole des Mines or the Ecole des Ponts et Chaussées would expect, almost of right, to reach a high position in the management of industry.

Perhaps, in fact, it is the absence of a select number of highly trained engineers who become top managers that has put British industry at such a disadvantage during the past two decades.

I do not, however, believe that the solution lies in setting up a body nominated by the government executive to regulate the profession and to select its members. Such a body would surely concentrate on the narrow view that engineers are to be trained to meet the immediately foreseeable needs of industry rather than to be educated to serve the community and to provide the much needed larger view in industry.

If the institutions are to remain only as learned societies, and I do not accept that, as proven that this should be so, then we might do well to take a look at how things are done in the rest of Europe and take the best of both worlds. Full engineering qualifications would be accredited by universities after, say, a five or six-year period of study and training (this having the much needed additional advantage of bringing universities and industry closer together).

By contrast to some other countries, the training period would include some practical experience in industry, perhaps as an extension of the present sandwich course system. Unlike the present arrangements, however, by cooperation between universities and industry, together with government help where necessary, suitable industrial training should be assured for a student before he begins his studies.

I have practised as a civil engineer on the Continent of Europe as well as in the United Kingdom and recently had occasion to recruit graduates in this country. Any one vacancy for post-graduate training might attract well over 100 applicants and I am sure that many of those will never be able to complete the training they have started for lack of opportunities. It is this problem, not any club atmosphere in the institutions, which might make the profession look exclusive to some.

If Sir Keith would like an essay escape from his difficulties with the institutions he might with advantage pass the buck to the Secretary of State, Department of Education and Science.
JOHN B. FIELD,
2 Wool Road,
Wimbledon SW20.

Importance of business names registry

From Mr Keith Havelock.
Sir, The members of the Institute thoroughly support the views of the Director of the Consumer Council on the subject of the Business Name Registry (Letters, March 26). We congratulate Lord Lloyd of Kilgerran and the other members of the House of Lords on all parties who, with the active support of many organizations, including this one, have shown the Government how deep their feeling on this issue runs.

There remains, however, the equally important matter of the Government's intention to rob the Registrar of Companies of power to refuse to register new companies with names confusingly similar to those already registered and in use. The present Bill proposes that only names identical to those already recorded should be refused registration.

We indeed trust that the Government will be moved to accept amendments as necessary on both these issues. Yours sincerely,
KEITH HAVELOCK,
President,
The Institute of
Trade Mark Agents,
69 Cannon Street,
London EC4N 3AB
March 26.

In praise of job centres

From Mr C. Bryant

Sir, The Job Centres of Lee and Sheffield responded sufficiently to my challenge in prompt and efficient service last week.

Having committed myself in interview in Leeds followed advertising in the nation press, a review of application on Wednesday morning revealed an inadequate response for suitably qualified representatives.

Telephone calls to be centred the same morning resulted in them providing, with applicants throughout, following day. My short list, three comprised two of the candidates and subsequent one of them accepted our offer.

Had I not had their assistance I would have conducted a costly and unsuccessful recruitment operation.

Other managers are probably as guilty as I have been in using Job Centre facilities regularly or even as a last resort. As I have learnt worthwhile lesson maybe other managers can benefit from my experience.

Yours faithfully,
C. BRYANT,
Marketing Manager,
Nalpak Limited,
23 St Aubyns Road,
London SE19 3AA.
March 24.

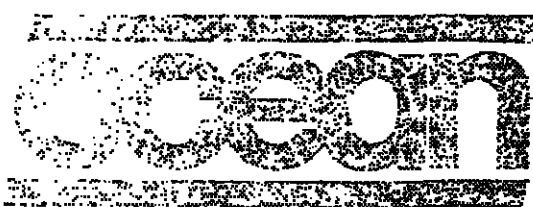
'1980 was a year of very sharp improvement'

	Historical		Current Cost
	1980	1979	1980
	£m	£m	£m
Turnover	595	534	595
Profit before tax	36	20	25
Profit attributable to stockholders	26	15	19
Final dividend (proposed)	4.7p	4.6p	4.7p
Interim paid	4.3p	4.3p	4.3p

* Marine activities provided most of the increase in trading profit.

* Land-based companies did well to produce a profit only slightly lower than the previous year's record level.

Prospects: We expect to maintain last year's results in 1981.



Copies of the Annual Report and Accounts can be obtained from Mr. G. T. Evans, Secretary, Ocean Transport & Trading Limited, India Buildings, Liverpool L2 0RB.

Ocean Transport & Trading Limited



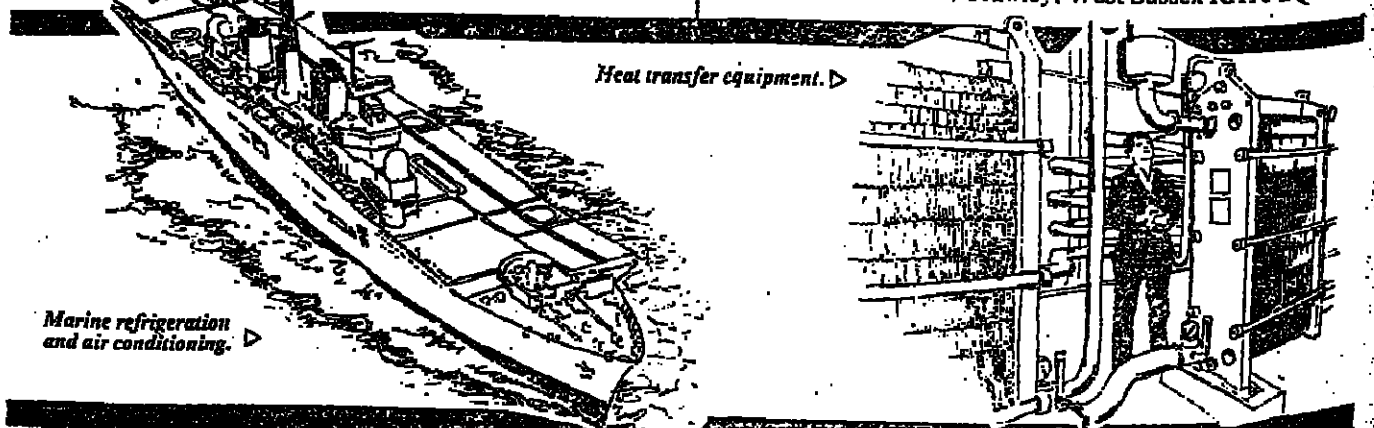
Dividend increased and covered by CCA profits

- Improved profits of £1.6m by overseas companies offset by lower U.K. profits.
- Net borrowings contained - debt/equity ratio reduced from 29% to 26%.
- Order intake up by 14% with good prospects overseas.

Salient Figures	1980	1979
	£000	£000
Sales	282,000	262,000
Profit before tax	18,560	19,025
Earnings per share	40.49p	42.34p
Ordinary dividends	9.0p	8.4p

The APV Group operate as process engineers, plant manufacturers, fabricators and steelfounders to the dairy, food, brewery, chemical, petroleum and marine industries throughout the world.

The A.G.M. will be held on 19th May at the Institute of Directors, 116 Pall Mall, London SW1. Copies of the Report and Accounts will be available after 23rd April 1981 from the Secretary, APV Holdings Limited, P.O. Box 4, Crawley, West Sussex RH10 2QB.



BY THE FINANCIAL EDITOR

Ocean Transport in calmer waters

Ocean Transport & Trading's profits are ahead by four-fifths to £35.5m, a dramatic recovery after a three-year shipping slump which decimated British fleets.

Calmer conditions prevailing outside the tanker market have helped an improvement in profits in Nigerian trades and in the Barber Blue Sea consortium on the back of a sharp increase in United States exports to the Middle East have been important factors. The question now is just how much recovery scope is left in Ocean given that the present recession in manufacturing has yet to really catch up with dry bulk and liner operators. The owners are not particularly worried. OCL, the container consortium owned by British shippers and which accounted for some £16m of Ocean's associate profits may see lower profits this year although the fleet has been significantly expanded by last year's acquisition of P & O's Gulf trades.

Meanwhile, competition is increasing dramatically in containers while smaller operators are moving back into the West



Sir Lindsay Alexander, chairman of Ocean Transport and Trading.

African routes lured by the seeming return to normality in Nigeria.

Ocean, however, with a heavy spending phase behind it should start to see important benefits as its balance sheet begins to unwind so long as cash flow can be maintained this year.

Borrowings fell £9m to £198m, last year—interest charges rose 16 per cent to £19.4m—despite capital spending of £34m. A third of this was due to Ocean paying for its share of Furness Withy's OCL stake after the C. V. Long takeover. Investment this year could drop below £20m.

The group also has some protection on the assets front with most of its dry bulk carriers locked into profitable medium-term charters for the next couple of years.

Meanwhile a fractional increase in the dividend was seen by the market as signalling boardroom doubts, and the shares having a good run over the last year eased back to 146p, where the yield is 8.8 per cent. The dividend payment two-and-a-half times covered on stated earnings and more than twice covered on a CCA basis. Not too much should be read into this however as Ocean's depreciation adjustment under CCA, based on present new building costs in United States dollars has been sharply affected by the strength of sterling.

Patience should be rewarded

There was no way that Freeman's, the largest independent agency mail order house with over a tenth of the market was going to do well last year. And there is little likelihood of it doing much better this year. The shares rose 6p to 132p after yesterday's 136p (and climbing 8p last week) because the group did better than expected at the time of a dismal interim dividend last October, and because it has so far laid the basis for a rapid advance in profits once business picks up.

Pre-tax profits plunged from £15.22m to £0.64m but only £9.5m seemed likely last October. In the first six months they fell to £7.8m to £5.08m. Christmas was not bad as feared and the group seems to have fared nearly twice as well as mail order general. Even so margins narrowed. The sales bill was more than 17 per cent up on the group—a major user of the postal and railway systems—is a classic victim of public sector price inflation.

It also boldly recruited 8 per cent more staff, bringing the number up to 530,000, expensive process. Moreover, it has lent £1.5m on Order Line, its new telephone ordering network which should be

ready by summer. This facility, giving instant reservation of goods and prompt delivery is claimed to be ahead of competitors.

Nor has this expansion meant financial strain. Interest payable jumped from £707,000 to £2.06m but total net borrowings at the year end were only £15m against nearly £68m of capital and reserves.

Freeman's, seems, then to be prepared for a surge in business, but this looks more likely in 1982, thanks to the Budget. The spring-summer catalogue was well received but prices are only 7 per cent up with many costs still 17 per cent ahead. The group is orientated to fashion more than competitors and this business too should pick up sharply. However, the Royal Wedding came too late to help the catalogue. The shares should repay patient

There were no surprises in first-day dealings in the Government's first index-linked stock, Treasury 2 per cent 1996. After holding at par for most of the day—the stock is £35 paid—the price drifted off 1 1/2 in late dealings. That seems reasonable on a day when conventional "mediums" and "longs" finished with falls of up to 1 1/2. Trade in the new stock was light and the impression was that the majority of investors who were keen to get their hands on some of the stock got all they wanted in Friday's tender, probably a little more.

Meanwhile, the rest of the market was looking drab. The sell-off of the index-linked stock has made a hole in pension fund liquidity for the moment. In addition, there is a further £1,000m short-dated stock going on sale tomorrow. This stock may be only £15 paid initially, but even so it is hard to see the market making much headway for the moment given the overall weight of funding and the present halt in the fall in dollar interest rates.

In short, we probably have a temporary block on any further fall in near-term yields just now and insufficient confidence as yet to justify any further flattening of the yield curve.

Charterhouse A period of readjustment

With any luck, Charterhouse's identity problem, which has undermined the rating of the shares in recent years, is now a thing of the past. The Keynes-Ullmann acquisition, provided the difficulties with Throgmorton Trust do not scupper the whole deal, will decisively tilt the balance of the group away from an amorphous industrial holding company into a merchant banking concern with useful oil interests.

After such a strong first half, full-year results were a little disappointing with pre-tax profits, restated to take account of five months of Keynes, a third higher at £16.1m.

The main casualty has been manufacturing. The recession in the engineering and construction industries reduced the trading profits between the two halves from £3.9m to only £350,000 against £5.7m for the previous year. Spring Grove's flotation and a small downturn in NapColour also cut the contribution from services by £2m to £5m.

But this was more than compensated by banking and oil. Thanks to a £1.9m contribution from Keynes, disclosed banking profits jumped from £1.8m to £4.2m although bullion dealing did not match the first half. And with rising Thistle production oil profits soared from £3.4m to £7.6m, although with no other developments to offset profits the tax charge on oil is some two thirds higher but at least the Keynes tax losses have reduced the tax on banking profits to only £300,000.

The key, however, to Charterhouse now which has held back the successful parts of the group in the past. Extraordinary profits from the flotation of Charterhouse Petroleum and the sale of Glanville Enthoven have boosted retentions by two-thirds to £10.8m, but the Keynes deal is much the most important boosting the capital base by a half to £150m, and gearing has halved to 40 per cent.

It is going to take another year before the banking side can exploit this new lending potential but all the signs are that it is going to take a more aggressive line on its investment strategy.

Down 2p to 83p yesterday, the shares, selling on about nine times' earnings, yielding almost 8 per cent and with an asset-banking, the market value of quoted investment-backed industrial holding image rather than the banking and oil potential of the future.

Sounds of dissent from the professors

Yesterday's statement from 364 of Britain's leading economists attacking the Government's economic policies ought to be the start of an exciting debate about the alternatives open to us in running our economy, not a sad postscript to the monetarist era.

The real importance of the statement is not that all those professors and chief economists advisers have put on record their belief that monetarism leads to problems. We knew that already.

The important claim which they make is that there are alternative policies. It is in the search for the best of these that the authors of the statement ought now to be concentrating their attention.

No one can claim that conventional methods of demand management produced a world in which everything was sweetness and light. Throughout the second half of the sixties and all of the seventies, inflation and unemployment both moved on an inexorable upward curve. In the world of fixed exchange rates, expansion of domestic demand led to recurrent balance of payments crises. In a system of floating rates, we experienced precipitous declines in the value of the pound.

What were the problems which led to this? The answer about for a new theory of economics which would break out of this cycle of decline. The advocates of an alternative will have to face up to them if they are to be credible.

Inflation poses the most obvious problem. There can be no doubt that the policies of the past year and the recession they have caused have been the cause of rising inflation, rising wages and prices.

Some critics of the Government would be willing to accept inflation at a higher level for a considerable period of time as the price for higher output and lower unemployment. Others think that an incomes policy could get the inflation rate down without forcing the economy into a severe depression.

What critics of the present policy have to face is that they either have to show how about accepting continued inflation or they have to come up with a credible incomes policy of the sort which we have never seen before.

Even the obvious (and probably sensible) compromise of having incomes policies which keep breaking down does not avoid this choice. It just means we get both sets of problems.

But in being honest about this problem, the Government's guard has been lowered. It is a claim that there is never any choice between inflation and output.

This is the false premise which the Prime Minister constantly relies on when she seeks to show how the Government's policies are the only way to cut unemployment.

It is symptomatic of the muddled thinking into which this leads her that the whole of this theory relies on the notion that there is some "natural" rate of unemployment with which governments cannot tamper. Yet in Parliament last week Mrs Thatcher said that she has been "bored" by the concept of a natural rate of unemployment.

The truth is that there are choices to be made over any reasonable time span between more output with higher inflation and less output with lower inflation. What the economists can do is to spell out the rest of us how these trade-offs work.

When it was in opposition, the Conservative Party flirted with the idea of an economic forum in which policy issues could be discussed. If the statement calling for a change of policy is serious then we will have to have such a forum. But it will have to be organized by people other than the Government.

David Blake

Frank Vogel on the world monetary system under strain

The IMF walks a tightrope

Washington
Saudi Arabia has just agreed to lend the International Monetary Fund about 4,000m Special Drawing Rights (nearly \$5,000m) a year for the next two years. This cash is vital to the IMF's task of trying to assist nations with rising foreign debt difficulties in a manner which secures greater international economic stability.

To meet requests for funds from its members the IMF considers it necessary to augment its lending resources this year by between 6,000m and 7,000m SDRs. Next year it may have to raise a greater volume of cash. The Saudi Arabian commitment considerably eases the fund's short-term cash needs.

From a technical viewpoint the IMF should have no difficulty in securing the extra resources which it needs. It could go to the markets tomorrow and borrow large sums with ease. It could use its large gold stocks to ensure that it obtains large cash infusions. But the precise manner in which the fund obtains the necessary resources will have an effect on the stability of the monetary system.

The fund faces its task at a time of international currency instability and after more than a decade of major changes in global monetary arrangements. The dollar no longer reigns supreme in central bank reserves; instead, a multi-currency reserves system has evolved. There has been a large growth of reserves and central banks have become important currency market traders.

These developments have helped to weaken the structure of international finance. Nations have been able to build up large debt burdens and now these nations are facing bankers who are less and less willing to provide the finance to service existing debts, let alone provide still more money.

There are sound reasons to fear that still more reserves will be created as the world money supply continues upon an inflation generating expansionary path and that central bankers will become still more ardent currency hedgers and speculators. As they diversify their reserves still more, so the volatility and instability of exchange rates will increase.

For the IMF simply to go to the markets and borrow large sums and then lend them out on modest terms would further encourage all the trends which have been destabilizing the monetary system.

The more cash the fund borrows in the markets, the more it is reduced to the role of being simply a broker between the banks and debtor nations and the more it is likely to add to instability. The fund is acutely aware of this. Indeed this is the key reason why it worked so hard to secure a commitment from Saudi Arabia and why it was even willing to double that country's voting power in the fund to around 31 per cent to get the loan.

It seems unlikely that the IMF will be able to borrow all it needs directly from Saudi Arabia and a handful of other wealthy nations. So it is probable that it will go directly to the markets this year. Raising a few thousand million dollars by floating securities to the public would not do much harm. But great damage could be done if the fund became a regular borrower, seeking ever larger sums.

The fund must demand tough loan conditions if it is to minimize its demands for additional cash in coming years. But political realities and today's enormous economic problems, mean that the fund will have to extend loans to most nations on a medium-term basis and that it can expect only gradual progress by borrowers towards strengthening their external payments positions.

The ideal course, if the IMF is to avoid frequent and in-

creased borrowing in the markets, is to secure a big rise in IMF quotas. The last quota review, however, has only just been completed. Arranging another one will take many years.

Budget restraints are dampening the willingness of many countries to inject more cash into the fund. Some countries are only willing to agree to quota increases if their shareholdings in the fund are raised.

The next best course is to establish a mechanism within the fund under which central banks, with reserves to invest, can place their cash directly at the disposal of the fund. This would reduce central banking operations in the markets, it could raise the fund's banking currency diversification moves and relieve the markets of some of the recycling pressures. This approach could also directly strengthen the fund's ability to manage the monetary system.

The obvious mechanism is a fund substitution account, where central banks could exchange surplus reserves for IMF issued obligations. To determine the development of the destabilizing multi-currency reserve system the IMF could promote the SDR as the key reserve by issuing SDR obligations through the account.

But the scheme would work only if the obligations issued were really attractive. This consideration is prompting the IMF to increase the number of special drawing rights. Perhaps a degree of gold backing for the obligations might also make them more attractive.

The scheme would only work if it saw big surplus nations, particularly the Saudi Arabians, could be convinced of its merits and if the leading industrial nations provided strong political backing. So far the IMF's staff has failed to drum-up the necessary political support. Scores of technical details would have to be decided upon before the establishment of a substitution account, which is able to manage recycling, help control reserves and strengthen the

SDR, but none of them represents insurmountable obstacles. The substitution accounts has many backers, ranging from ten fund staff members to Dr Johannes Witteveen, the former IMF managing director and Mr Anthony Solomon, the president of the Federal Reserve Bank of New York. No realistic alternatives have been advocated and unless progress is made soon there is a danger that IMF market borrowing, which initially will be a novelty, could become a habit.

The terms of the Saudi Arabian loan can be seen as a small stepping stone towards a formal substitution account. The Saudi Arabians are being paid an attractive market-related rate of interest on their cash and they are being offered the possibility of converting their loan into bearer notes and transferring these to any other public or private group.

But a substitution account must be more than just a recycling facility. It should be a means of soaking up excess liquidity, a force for international reserve stability and a prime tool with which the fund can play a stronger direct role in the processes of adjustment. There is a danger that, politicians, seeing their short-term spectacles, will be so delighted at the way the fund has just won cash from the Saudi Arabians and at the way that it may borrow a few thousand million dollars in the markets later this year, that they will fail to look beyond this to the longer-term issues of the monetary system's stability.

The new Saudi Arabian commitment should be used as the starting point for a new drive to create a large-scale substitution account. If the opportunity is missed, then over time the fund will become more and more involved in market borrowing, being forced to trade and hedge like any other market participant and play all the games that central banks play, thereby weakening rather than strengthening the international monetary system.

How the bureaucrats helped to win the battle of Hongkong

It was just a year ago that Mr John Lippitt, Deputy Secretary at the Department of Industry, regarded by many of his colleagues as a future permanent secretary, abandoned his Civil Service career.

For the previous four years he had been in charge of industrial and commercial policy but shortly before Christmas 1979 he received an approach from Sir Arnold (now Lord) Weinstock, managing director of GEC, asking him to join his group.

With the blessing of Mrs Thatcher and after scrutiny by the Advisory Committee of Business Appointments, but the body required to vet transfers of senior civil servants to the private business sector) Mr Lippitt switched to his new job as an associate director of GEC. He was charged with the task of coordinating the group's exports and advising on opportunities for overseas investment in electrical and mechanical engineering.

GEC directors had been impressed by the qualities and abilities he had displayed as a civil servant in the detailed negotiations which led to GEC's win the contract placed by Hongkong's China Light and Power Company (CLP) for the Castle Peak "A" power station.

Yesterday saw the announcement of a record breaking £55m contract for the second "B" phase of the Castle Peak project with GEC once again acting as main contractor and supported by Babcock over.

It was a particularly appropriate announcement to mark not only Mr Lippitt's first anniversary with the company but also what may well be a watershed in the development of closer government involvement in a higher competitive business.

The fact that Britain managed to win the latest contract owes much to the lessons learned in negotiations for the



Mr John Lippitt, an associate director with GEC and former top civil servant: involved, as a government representative, in GEC's earlier successful negotiated contract with China Light and Power.

"A" station. This time round negotiations for the United Kingdom's second contract were led not by Mr Lippitt but by Mr Gordon Menzie, his successor of the Department of Industry.

Over the past three months, supported by technical experts from the companies involved, Mr Menzie has conducted a hectic round of negotiations aimed specifically at securing for Britain one of the decade's glitziest export prizes and so doing opening up the possibility for further substantial business.

The short-term benefits are enormous. The Castle Peak "B" contract will provide much needed work for many sectors of the British engineering industry laid low by the recession.

At a time when the Government's rigorous and controversial economic policies have reduced some of the healthiest British companies to a state of exhaustion, ministers can

argue (with some justification) that the Government's role in winning Castle Peak "B" has been positive. Indeed without the concerted effort which the Government and its officials have made, the contract might not have been won.

Britain gained an important foothold when CLP and its partner Eastern Energy, the Exxon Corporation-owned subsidiary, placed the first contract with GEC. The other electricity supplier, Hongkong Electric has opted for Japanese expertise for its power station projects. Significantly in the negotiations on the "A" contract, China Light and its partner agreed to a negotiated contract rather than offer the project to international tender.

Those involved regarded a repeat of the earlier procedures as vital. Similarly, there is agreement that the project and export policy division established last year within the Department of Trade which reports directly to Mr Manzie and his trade department

counterpart, has played an important role.

Work on the first phase of Castle Peak has gone ahead smoothly and with no serious hold-ups in the delivery of equipment. Clearly that performance would work to Britain's advantage but would CLP and Exxon be prepared to repeat the negotiated tender exercise?

Both have to consider among many other factors their responsibility to shareholders and consumers to ensure that a contract negotiated with the United Kingdom Government was internationally price competitive. Exxon was seen as the partner which needed to be persuaded most and in view of Hongkong Electric's preference for Japanese technology, the pressure on Britain heightened to ensure a fully competitive package was assembled.

The client has now been satisfied and the deal struck.

Peter Hill

One of the world's most exclusive hotels.

Designed by Americans, named after an English king and yet uncompromisingly French, the George V is a hotel of warm character and great distinction. It stands just off the Champs Elysees in the finest of the Parisian shopping areas, and is renowned for its grand and lively atmosphere.

A treasure house of original and prized works of art, tapestries, paintings, furniture and sculpture, the George V has been lovingly restored over the years; it now has the splendid style and flair of the '20s with the comprehensive facilities that its international clientele demands today. Its 307 rooms include 56 suites; rooms for private and business functions range from the small Louis XIII Salon to La Grande Salle which will accommodate 1600 people.

Classic cuisine—in classic surroundings with fine paintings—is served in the Les Prestes restaurant, and the wine cellars are among the best in France. For reservations telephone (Paris) 723 5400 or (London) 01-567 5444.

Michelin Grand L'arc Diplôme d'Excellence



HOTEL GEORGE V Paris, France

A TRISTHOUSE FORTE EXCLUSIVE HOTEL.

Business Diary: CBI waste-watchers' club • A plea in Playboy

Terence Beckett, he of the "are-knuckle fight" fame, returned to the fray last night but in a new and subtler attack Mrs Thatcher.

The CBI director-general told members of an area council in Leeds last night that he has led civil engineer Malcolm McAlpine to head a task force pointing government waste. Ever since he took office last year, Sir Terence has been arguing that the burden of spending cuts has fallen on the private rather than the public sector.

Sir Terence shocked many of CBI supporters with his "are-knuckle" speech to the conference in November, since then the last Budget has persuaded many faint hearts that after all he was

A CBI council meeting was held two weeks ago following the Budget, and although many members—McAlpine among them—were aware that so much was done to help private industry—there were still some who shied away from another lack on a Tory government. In this one.

could be saved over the next four years in local government and in Whitehall.

Malcolm McAlpine is a director of his family's firm, Sir Robert McAlpine and Sons construction being an area specially singled out by Sir Terence last night as suffering from government policy. He is to report by the summer—which means that employers as well as unions can have their "winter of discontent".

McAlpine evidently means to stay clear of the trouble Sir Terence caused himself with last November's speech, the only solid piece of information he was prepared to part with last night being that he is aged 63.

Though the names of his fellow waste-watchers have yet to be announced, McAlpine will not have to look far for help. Sir John Greenborough, managing director of the CBI, is now chairman of the McAlpine family holding company, Newarthill.

I had always thought that electricity was apolitical, but now I hear that at Kirkcaldy in the Scottish Borders, hard by the Russian border, when they rush short of generating capacity, they import "Soviet power" and the clocks slow down by 15 minutes. It is something to do with different cycles, they say.

The death this weekend of Bernard Hollowood deprives Business Diary of its best and oldest friend. The cartoon below is the last I received from Bernard before his death on Saturday, and as its theme has something much in Bernard's mind this month, the plight of the universities, Bernard had posed certain problems for his local academy, the University of Surrey, Guildford. John Freyne, head of the Department of General Studies there, had asked Bernard to submit work for a Hollowood exhibition, but Freyne and his



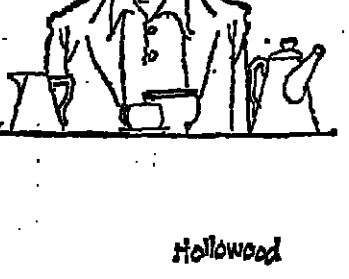
Hollowood

Hollowood

colleague, Howard Romp, head of visual arts at Guildford's Institute of Adult Education, found that though they needed 150 cartoons, to get them they would have to mull through several thousand Hollowoods from over the past 10 years.

Freyne told me yesterday that he had heard from Bernard's family that it was the wish of his widow, Marjorie, that the exhibition should go on.

Bernard Hollowood: Exhibition of Cartoons will run from May 13 to May 29 at the Art Exhibition Gallery, Leggett Buildings, at the university.



Hollowood

The last place one would expect to see an advertisement calling for a day off the booze is Playboy and yet the latest edition has a full page of advertisements for Tia Maria and Southern Comfort, is a full page labelled "Nobody ever woke up regretting having had one too few".

Behind the headline is the Distilled Spirits Council of the United States (Discus) which has been in the forefront of prohibitionism in fact, the spirit industry's lobby. Its approach is that of moderation, believing that it can keep spirits respectable by suggesting that one does not overdo it.

Discus can afford to be moderate for, after all, its members, the spirit makers, spend over \$500m a year on harder advertising.

Now it just happens that a few members of Congress, such as the cunning and powerful Senator Strom Thurmond of South Carolina, are promoting legislation demanding that all bottles of alcohol carry labels warning that drink can be bad for you.

Discus is lobbying against this, and what better way to attract the attention of Congressmen than taking a full page in the April issue of Playboy.

On the cover of this particular edition is the bold announcement "The liberation of a Congressional wife—Rita Jettette's own story in words and

pictures". Inside are pictures of the nude Mrs Jettette, wife of the former Congressman also from South Carolina, John Jettette, who had a drink problem and resigned after being found guilty of bribery charges, and her tales of love and booze on Capitol Hill.

It's a story that is gripping the members of Congress, many of whom may just have noted the Discus advertisement on their way through the magazine, and may now think of Discus as a pretty sober group when—its spokesmen—come lobbying.

HM Inland Revenue were very down-beat about the whole affair when I called them yesterday to see what they made of it all.

All the old faithfuls are to be represented at the fair, among them the Caymans and Hongkong as well as the newer boys, Eire and Cyprus.

The Chancellor promised in his Budget speech to legislate for the taxation and monitoring of earnings from funds elsewhere by Britons.

Ross Davies

"Timmy does not want to go to your old university, Dad. He thinks it will be defunct by the time he is 18."

Commonwealth of Australia

Twenty Year 5½% Bonds due May 1, 1985

To the Holders of the above Bonds:

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Sinking Fund Agent, has drawn by lot for redemption on May 1, 1981, at 100% of the principal amount thereof through operation of the Sinking Fund, \$819,000 principal amount of said Bonds as follows:

OUTSTANDING COUPON BONDS OF \$1,000 BEARING THE DISTINCTIVE

NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

25 26 34 41 45 49 54 56 73 85 87 98

COUPON BONDS BEARING THE FOLLOWING NUMBERS:

4363 6983 10683 13683 16683 19683

ALSO THE FOLLOWING REGISTERED BONDS

Bond Number Principal Amount Amount Selected for Redemption

24 \$19,000 \$3,000 65 \$13,000 \$1,000

The Bonds bearing the numbers above specified will be redeemed and paid on and after May 1, 1981, at the principal amount thereof, upon presentation and surrender of such Bonds at the option of the holder either (a) at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y., or (b) subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Antwerp, Brussels, Frankfurt (Main), London or Paris, or the Reserve Bank of Australia in London, or Amsterdam-Rotterdam Bank N.V. in The Netherlands or Banque Générale du Luxembourg S.A. in Luxembourg, Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City, or by a transfer to a United States dollar account maintained with a bank in New York City.

Coupons due November 1, 1981, and subsequent maturing coupons should be attached to coupon bonds being redeemed: coupons maturing on May 1, 1981, should be detached and presented for payment in the usual manner.

From and after such redemption date no interest shall accrue upon or in respect of any such Bonds called for redemption as aforesaid.

COMMONWEALTH OF AUSTRALIA

March 31, 1981

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

2604 3324 12323 17813 19398 20613 21312 22304 23222 23824

Western Areas Gold Mining Company Limited



(both incorporated in the Republic of South Africa)

Members of the Johannesburg Consolidated Investment Group of Companies

The Randfontein Estates Gold Mining Company, Wit., Limited

Highlights from the 1980 Annual Reports

Operating profit increased from R79.2 million to R152.7 million principally as a result of the higher average price received for gold; U.S. \$623 per ounce, compared with U.S. \$316 per ounce in 1979.

Dividends increased from 47 cents per unit of stock to 120 cents, absorbing R48.4 million.

Expenditure on mining assets amounted to R574 million compared with R40.3 million in 1979. This high level of expenditure is expected to continue and R45 million is estimated for 1981.

Gold production declined by some 15.4% to 19554 kilograms as a result of the lowering of the recovery grade from 5.3 grams per ton to 4.5 grams per ton in order to optimise extraction from the multiple-reef orebody during a period of high gold prices.

Middle Elsburg reef development continued at the North Shaft and two years' ore reserves were established. Ore reserves on the Upper Elsburg reef horizon were reassessed in view of the higher gold price expectations but certain areas requiring long-term preparatory work were excised in arriving at a total ore reserve of 11.6 million tons at an estimated grade of 5.6 grams per ton. These reserves were computed at a gold price of U.S. \$550 per ounce compared with U.S. \$375 per ounce in 1979 when the estimated ore reserves amounted to 11.8 million tons at a grade of 6.4 grams per ton.

In terms of the uranium sales contract R20 million of the R30-million interest-free loan was received during 1980, the balance having been received in January, 1981.

Sinking of the SV3 shaft commenced while work on the 4E sub-vertical shaft continued. Good progress was made in construction of a surface refrigeration plant, a carbon-in-pulp gold recovery plant and a uranium treatment plant. The 4E sub-vertical shaft and carbon-in-pulp plant will come into operation and the surface refrigeration and uranium treatment plants are due for commissioning during 1981.

* The above is relevant to stockholders of Elsburg Gold Mining Company Limited.

Johannesburg
30th March, 1981

SUMMARY OF OPERATIONS

Western Areas		Year ended 31st December	Randfontein Estates	
1980	1979		1980	1979
4320	4339	GOLD Tons milled—000's Recovery—grams per ton Kilograms produced	4084	3921
4.5	5.3		5.1	6.0
19554	23109		20817	23436
15511	8480	Average price received— Rand per kilogram U.S. \$ per ounce	15530	8160
623	316		621	307
318	214		271	173
70.51	45.37		79.58	49.11
35.87	27.43	Revenue—R per ton milled Cost—R per ton milled	34.58	27.88
34.64	17.94		44.98	21.23
		URANIUM Tons treated—000's Recovery—kilograms per ton Tons oxide produced	3933	3326
			0.164	0.125
			646.5	416.7
149.6	77.9	FINANCE Net profit from gold and silver—Rm Net profit from uranium—Rm Capital expenditure—Rm Tax and State's share of profit—Rm Dividends declared—Rm	183.7	83.2
58.1	41.8		22.5	14.9
53.4	19.0		79.0	22.7
48.4	18.9		63.6	7.2
			58.6	32.5

The annual general meetings of members will be held in the Boardroom, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, on Monday 27th April, 1981 at the following times: Western Areas Gold Mining Co. Ltd. 09h15; Elsburg Gold Mining Co. Ltd. 10h00; The Randfontein Estates Gold Mining Company, Witwatersrand, Limited 11h00.

Note: Copies of the Annual Report will be provided on application to the London Secretaries
Barnato Brothers Limited,
99 Bishopsgate, London EC2M 3XE.
Telephone: 01-588 7011

FINANCIAL NEWS

Cape Gate buys two subsidiaries of JFB

By Margareta Pagano

Two steel wire subsidiaries of Johnson and Firth Brown yesterday were sold to Cape Gate, South Africa's largest independent steel wire company, for £15m.

The sale of the loss-making Johnson & Nephew (Manchester) and Johnson & Nephew (Aberdeen) wire mills means that the Sheffield special steels group will no longer be involved in steel wire production. The deal with the Cape Gate Group—subject to non-referral to the Monopolies and Mergers Commission and South African exchange control permission—is based on net asset value of the two plants of about £9m. But the total deal is worth £15m, made up of £4m cash now and £8m to be paid at annual instalments over the next four years.

The properties are being leased back to the two companies by JFB and put and cash have been arranged so that JFB will sell

them for £3m in 1987. The £4m cash is made up of £2m for share capital and reserves, £1m for overdrafts and £1m for the loan.

Mr Philip Ling, JFB general manager, said yesterday that to continue funding the two plants would have been a drain on resources. In the six months to March this year J & N (Manchester) is estimated to lose £700,000 and J & N (Aberdeen) will just break even. The £4m cash, Mr Ling said, will go to reduce the group's £60m debt burden, and so too will the annual payments.

This is Cape Gate's first entry into the United Kingdom market and it aims to bring the mills, both hit by a flood of imports after the steel strike, back to profits. The 900 employees will remain and Cape Gate, run by Mr Mendel Kaplan, will be bringing in some new management in its attempts to diversify products and penetrate international markets.

Stock markets

Profit taking follows CBI forecast for economy

A gloomy economic forecast from the CBI and higher interest rates in the United States led to a subdued start to the new account yesterday.

Dealers reported only moderate demand, after a hesitant start, with investors choosing to remain on the sidelines. Nevertheless, selling pressure was minimal and jobbers and brokers were kept busy by the welter of bid and breakfast deals required as the financial year-end approaches.

Friday night's sharp setback on Wall Street in the wake of the sudden rise in United States prime rates by 1 per cent to 17½ per cent gave the market its first sign that it was time

to take profits after the strong run of the last account. This view was reinforced by the gloomy economic report from the CBI which forecast no improvement in the recession until 1982.

In spite of the quiet conditions, rubber plantations came in for further good gains in a thin market, but gold shares encountered a shakeout as the price slipped \$17 to \$522.50 an ounce, despite the worsening situation in Poland.

After being down 4.4 at midday the FT 100 closed 2.5 lower at 518.8. Government securities appeared worried by the prospect of dearer money in the United States and with the market looking overbought, the new index-linked issue was given a rapid reception. Having held at its opening level of £3.94, it closed £1.09 at £3.44.

Elsewhere, sellers pushed prices lower by as much as £2 in long, with shorts losing £1 in rather quiet trade. Leading industrials recovered from earlier sharp falls but the close, ICI managed a 2p rise at 238p, Fisons 3p to 156p

and Dunlop 1p to 69p—the last named still on talk of a bid from the Far East. But GKN fell 7p at 140p, Tubes 2p to 204p, Erection 1p to 174p and Unilever 2p to 503p. Profit taking topped 4p from both Bata at 236p and Blue Circle at 416p after last week's considerable gains.

Shares of R. P. Martin were suspended just below their high at 184p, pending a further announcement. Only recently the group broke off talks with the German group Bierbaum, which holds 29.9 per cent of the equity.

Also on the bid front, Savoy Hotels "A" rebounded 16p to 200p amid speculation that a counterbid to the offer from Trusthouse Forte, unchanged at 218p, was about to be launched.

Weekend speculation that a major United States group might be interested in much-troubled ICL prompted a 7p rise in the shares at 43p, after 45p. Favourable press mention also added 3p to Bath & Portland at 49p, 6p to Bally Leslie at 44p, 25p to Selhurst at 13p, 5p to JB Holdings at 57p, 6p to Westland Aircraft at 144p and 8p to Flight Refuelling at 345p.

But adverse mention wiped 4p from Sanger's at 132p, 35p from Selection Dev 91 at 132p and 12p to Low & Bonar at 200p. Burying in a thin market also lifted Steel Bros' 17p to 155p and Amalgamated Metal 27p to 310p.

Improved interim figures boosted Ferry Pickering 3p to 74p, Newman Tunks 5p to 54p and United Wire 5p to 31p, while better than expected full-year statements added 17p to APV at 240p, 4p to Federated Land at 116p, 6p to Freemans (London SW 8) at 132p and 12p to Low & Bonar at 200p.

Speculative buying lifted Minister Assets 31p to 84p, Milbury 3p to 36p, Western Selection Dev 91 at 132p and 12p to Low & Bonar at 200p. Burying in a thin market also lifted Steel Bros' 17p to 155p and Amalgamated Metal 27p to 310p.

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Speculative attention lifted Associated Fisheries 6p to 62p in foods, with Wm Morrison reporting later this week—7p better at 233p. But B. Matthews retreated 10p to 393p in the wake of recent figures.

Electricals saw GEC slip 3p to 665p, despite sharing in the lucrative £50m contract awarded to several British companies in Hongkong, while Thorn EMI dipped 6p to 325p and Plessey 2p to 316p. Automated Security eased 2p to 345p after figures and Plessey in proved 6p to 166p on further reflection on Friday's trade news. Investment buying lifted Lee Refrigeration 4p to 122p and Sound Diffusion 6p to 123p at Solex (UK) 2p to 54p.

Further strong buying in this market prompted a live session for plantation via Jitra Rubber up 12p to 74p. Burtam Rubber 13p to 93p, Singapore Para 15p to 107p and Sangei Bahr 20p to 208p.

Insurance shares remain nervous in the wake of recent disappointing figures. Phoenix

Bryant Holdings the house builder and property group on course for another outstanding year after the surge pre-tax profits from £4.7m to £6.5m in 1979-80. The interim statement now due should show the group on the way to profit of between £7m and £7.5m. I shares are 85p, just 1p short of the year's high.

fell 6p to 270p, Commerce Union, ex div, 11p to 16p, General Accident 4p to 33p and GRS 6p to 33p.

Equity turnover for Mar 27 was £204.749m (barga 27,759). Active stocks, according to the Exchange Telegraph were ICL Lismo, KCA I, Turner & Newall, KCA, She GEC, Lucas, Rank Organisation, Royal Bank of Scotland and F

Traditional options: Deal reported after the close yesterday. Calls were made in IC Premier Oil at a rate of 9p. Hawker Siddley at 23p a Johnson's, Firth Brown. P were arranged in MFL W G. Traded options: A total 1.4 contracts were recorded.

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Briefly

Hazlewood Foods: Board has exchanged contracts to acquire the Manor Vinegar Brewery for £1m of which £635,000 is payable in cash and balance in shares. Wintecbottom Energy Trust: Net asset value per share at close of business on March 27 was 383p after deduction of prior charges at par and 396p after deduction of prior charges at market value. Bond Street Fabrics: In a letter to shareholders, Chairman, states that board is unanimously convinced that the terms offered by Auchinleck are in the best interests of the co, its shareholders, loan stockholders and employees and recommends immediate acceptance of the offer.

Equity and Law Life Assurance Society: British Railways board has acquired an interest in 1.02m shares (5.1 per cent).

Candaw Industrial Holdings has acquired an 80 per cent interest in LRS (Parcels), a small transport business which is being acquired to participate in the rationalisation of the group's transport. Consideration satisfied by the issue of £44,000 in 25p stock units together with £20,000 in cash.

Disposal of Hamblin & Wingate (Holdings) to Dolland & Aitchison Group was approved. Proceeds £4.5m have been received. Alcan: Proposed acquisition of the shares not already owned in Alcan Aluminium (UK) was approved at meeting of Alcan Aluminium (UK). Expected that the scheme will become effective on or about April 16.

Inverack Group: Scheme of agreement involving acquisition by Georgia-Pacific of ordinary stock and the preference stocks of Inverack, approved by statutory majorities of the holders of such stocks.

G. M. Firth (Metals): Directors have decided not to proceed with the discussions referred to in the announcement made on February 19. However, they are actively considering alternative proposals to expand the activities of the group.

Siroud Riley Drummond: Offer by Mr Stefan Simmonds, chief executive to purchase all ordinary shares not already owned has lapsed. Acceptances received in respect of 4,755 shares. Prior to offer announcement, Mr Simmonds controlled 1,376m shares (38.9 per cent). The offer was to comply with City code and directors recommended shareholders not to accept.

Aquis Securities: Mr Harold Quilman, chairman, states that the loss sustained by Lex Building, in Brussels, has been substantially reduced during 1980, and with exception of one suite, property is fully let.

NCC Energy: Simplicity Pattern of New York has abandoned two acquisition offers, but embraced a third, unexpected proposal. Simplicity is to work towards "a business combination" with NCC Energy Ltd. Each firm will send two representatives to sit on the other's board. Simplicity said a major shareholder, Devon Group, has agreed to sell its entire 5.3 per cent interest in Simplicity to NCC for \$13 a share, or \$9.5m.

Hazlewood Foods buys Manor Vinegar Brewery

By Rosemary Unsworth
Hazlewood Foods, the vegetable processor and sauce manufacturer, is paying £1m for Manor Vinegar Brewery, which is 40 per cent owned by H. J. Heinz Company.

The consideration will consist of £635,000 in cash and the remainder in shares, and the deal is subject to shareholders' approval.

Manor made pretax profits last year of £203,000 and has shareholders' funds of £581,000.

The balance of its shares held principally by members two families.

Heinz and Hazlewood have both purchased a substantial proportion of their vinegar requirements from the company for several years. Manor's pretax management will continue to run the business, which is based in Walsall, Staffordshire.

Last year Hazlewood made pretax profits of £173,000, turnover of £8.3m. Its net assets stand at 53.5p a share.

Waterloo Publishers

Mr Robert Maxwell, chief executive of BPC, yesterday announced the formation of Waterloo Publishers, which will take over the publishing activities of Waterloo (London) Limited.

Waterloo Publishers continue printing the Radio Times, The Listener, and other publications such as The Solicitor's Diary and Directory and The Bankers Magazine.

Mr Joe Hooke, Waterloo managing director, has been appointed a director of BPC. He joined Waterloo as managing director in 1964 and in 1971 was appointed managing director.

Mr Victor Williamson, formerly publishing director, has been made managing director. The new company will continue operating from present premises.

Federated Land Limited

Year to



Anglo American Corporation

Reviews by the Chairmen of the Gold Mining Companies administered by the Group in the Transvaal for the year ended 31 December 1980.

The following are general comments on the gold and uranium markets, mining operations and related matters from the reviews by Mr. H. F. Oppenheimer, chairman of Elandsrand; Mr. D. A. Etheredge, chairman of Vaal Reefs; Mr. G. Langton, chairman of Western Deep Levels, Southvaal Holdings and Afrikaner Lease; and Mr. N. F. Oppenheimer, chairman of S.A. Land.

GOLD

Last year I wrote that the price of gold was not expected to drop to the average level of 1979. In the event, the average price during 1980 reached \$614 an ounce which was just double the average of \$307 achieved during the previous year. Not only was the average price much higher but the pattern underlying the average was also significantly different. During 1979 the price rose relatively steadily from a low of \$225 at the beginning of the year to \$524 at the close. However, the price last year was subject to violent fluctuations and fell from its record high of \$850 in January to a low of \$474, just two months later, before recovering some of its previous strength.

It seems clear that the price volatility during the past year stemmed almost entirely from the activities of short-term investors and speculators who used the gearing opportunities afforded by the futures markets, particularly in New York, to trade enormous volumes of gold. The influence of these futures markets has grown spectacularly along with their trading volumes. During 1975, the first full year of trading, approximately 900,000 gold contracts were traded in the US markets. Last year a total of 11 million contracts were traded, representing approximately 34,000 tons of gold or 130 tons of gold daily on average. Looking at such volumes in the context of a total supply of physical gold in 1980 of only about 1,074 tons, excluding scrap, the dominance of the futures markets rather than the physical bullion markets in short-term price determination is hardly surprising.

Although the current market is described as weak it is showing remarkable resilience in the face of high real interest rates, particularly in the US, and there is evidence of increasing offtake by the industrial sector. This underlying long-term strength reflects the compensatory nature of the various market sectors and the likely trend of market fundamentals over the next few years. It bodes well for the future, irrespective of the short-term fluctuations which will undoubtedly persist. In this connection it is worth noting that last year's volatility was relatively of the same order as that seen in 1973-74.

It is estimated that the total supply of gold to the market during 1980 amounted to only about 1,074 tons, excluding scrap, compared with 1,765 tons in 1979. Net supplies by the major producing nations, South Africa and Russia, declined to approximately 645 tons and 80 tons respectively after 703 tons and 230 tons in 1979. The high gold price enabled South African producers to explore lower grade ores and the Reserve Bank to withhold gold from the market. It also assisted the communist bloc to achieve its foreign exchange requirements with significantly lower sales volumes. Despite the continuing expansion of the South African gold mining industry, supplies from this source are unlikely to increase significantly due to the lower grades being mined; however, Soviet sales could possibly return to previous levels should economic circumstances so dictate.

Elsewhere in the world, production is estimated to have increased from 250 tons in 1979 to approximately 280 tons. Intensified exploration activity and efforts to recover by-product gold should result in increased production but this increase should be more than offset if central banks in producing countries decide to withhold greater volumes of gold from the market.

The IMF supplied only 69 tons in 1980 in the final auction sales of its four-year programme, compared with 170 tons in 1979. Despite the substantial quantity of gold still held by the IMF it seems unlikely that further supplies will be made available from this source, at least for the foreseeable future.

Partly as a result of consumer resistance to higher and more volatile prices and partly because of the trend towards lighter and lower caratage jewellery pieces, new gold offtake by

	Vaal Reefs		Southvaal Area		Western Deep Levels		Elandsrand		S.A. Land	
	1980	1979	1980	1979	1980	1979	1980	1979	1980	1979
Gold Tons milled 000's	8 595	8 183	2 868	2 679	3 329	3 241	985	882	1 336	1 285
Yield-grams/ton	8.13	8.22	10.59	10.29	13.70	14.78	6.33	5.04	1.11	1.24
Production (kg)	69 876	67 282	30 270	27 550	45 621	47 880	5 250	2 931	1 486	1 585
Cost-Rand/ton milled	38.39	31.88	33.21	34.40	44.17	37.15	42.98	35.47	3.83	3.17
Cost-Rand/kg produced	4.399	3.878	3.608	3.344	3.223	2.514	8.063	7.044	3.537	2.557
Price received-Rand/kg	15 784	8 183	15 784	8 147	15 831	8 353	15 491	9 270	15 438	8 099
Working profit R000's	799 047	290 870	368 270	132 942	582 885	280 552	39 801	7 151	6 720	3 072
Royalty Paid	195 637	66 676	195 587	66 676	—	—	—	—	—	—
Capital expenditure R000's	126 106	103 876	54 197	54 982	71 936	72 749	37 055	69 000	2 545	530
Tax R000's	335 120	108 678	—	—	328 303	136 001	—	—	2 114	2 137
Dividends cents share	1 320	510	—	—	800	320	—	—	65	40
Uranium Production (tons)	1 758	1 273	773	486	213	199	—	—	—	—
Profit R000's	46 396	61 821	21 631	18 674	3 801	9 494	—	—	—	—

NOTES: 1. Included in Vaal Reefs figures 2. First full year of production 3. From dumps
4. Unit production cost (excluding the delivered cost of dump material) 5. After taking account of the delivered cost of dump material
6. Includes royalty of R50 000 paid to Afrikaner lease.

Jewellery manufacturers is estimated to have fallen to about 350 tons or less than half that of 1979 levels.

Renewed demand and nevertheless may be expected as the market eventually adjusts to higher price levels and as the availability of scrap gold declines.

After a slump early in the year sales of official coins resumed later, although at lower tonnage levels than before. There is still good demand for the one ounce coins even though they have tended to become too expensive for the smaller investor. In September, therefore, Intargold launched a series of fractional Krugersands containing precisely one-half, one-quarter and one-tenth of an ounce of fine gold. Judging from the market's initial reaction these coins are proving attractive to a broader spectrum of investors and, because they are aimed at a different market, they have not affected demand for the one ounce Krugersand. Sales of all official coins are estimated to have totalled 200 tons in 1980, nearly half of which were Krugersands.

In monetary terms, investment demand grew substantially with tonnage remaining relatively constant. In the recessionary and retentive period by central banks and other monetary authorities are added to investment demand it can be seen that gold has regained a large measure of its importance as the asset of last resort.

Unless official sales resume on a large scale, and this is unlikely, it would seem that demand will match the supply from all sources with price fluctuations being the determining factor. In the longer term these fundamental considerations will govern the development of the gold market. Notwithstanding short-term speculative influences, I believe that 1981 will prove to be a year during which the market stabilises and, in the longer term, supply-demand fundamentals will ensure that the trend will remain upward.

URANIUM

Uranium prices in the spot market fell dramatically during the year and opportunities for doing new short-term business at reasonable prices were further reduced. In the recessionary economic climate affecting most of the developed world, projections of demand for additional power generation have

slipped considerably. Although exploration activity is now diminishing, a number of high-grade orebodies have been discovered in various countries during the past few years and existing producers have extended their production capacity. As a result, an oversupply is developing and this is affecting uranium consumers' perceptions of the security of their future supplies. Arising from these altered perceptions and the influence of high interest rates early in the year, certain electricity utilities in the US began to dispose of surplus inventory and this accelerated the market's decline.

At current price levels, and with production costs escalating rapidly, more and more primary producers of uranium will be forced out of business while producers of by-product uranium and new, low-cost primary producers take their place in the market. Such a trend is already evident and the balance between supply and demand will consequently be re-established eventually, although it is anticipated that uranium inventories will continue to increase in the medium term.

In the longer term there can be no doubt that utilities must start ordering new generating capacity again to maintain a sufficient generating reserve and to match the slow growth in electricity demand. They must look, also, to the replacement of obsolete capacity and, later, oil-fired stations. The trends of supply and demand are, therefore, bound to change direction again. The difference this time will be that projections of nuclear power growth will be rather more realistic than in the past and prices more in line with market fundamentals.

Another factor with which South African uranium producers must contend is the desire of many of the utilities to diversify their supply sources. The fact that Australian producers are receiving permission to proceed with the development of their mines has presented the utilities with this opportunity which has been compounded by the aggressive pricing policy adopted by the Australians.

The uranium spot price has fallen substantially since mid-1979; however, the steady appreciation of the rand relative to the dollar has accentuated this decline in South African money terms. Given a situation in which uranium over-supply is projected for some years, it is difficult to see how spot prices can

improve and pressure from our present customers to modify our existing contracts appears a likely corollary. I believe that, at best, it will be possible to maintain present contract prices only in current money which means, of course, a decline in real terms.

LABOUR

In my review last year I made reference to the shortage of skilled workers in South Africa; this shortage, far from diminishing, has been aggravated by increased activity in the industrial and construction sectors of the economy to such an extent that I now regard the situation as becoming critical. It is hoped that recruiting campaigns initiated both locally and abroad towards the end of last year will help to ease the situation.

However, I feel it is important that all those concerned with the industry should recognise that any lessening of the shortage of skilled manpower by the recruitment of trained artisans can only be a temporary measure, and that in the long term the only acceptable solution is the proper training and utilisation of South Africa's total manpower resources. The period of initial training of apprentices will have to be reduced further, without in any way changing the accepted standards, by giving apprentices the basic skills which will be consolidated and enhanced by continuous training programmes throughout the early years of their careers. A decision has been taken to construct a new centre devoted to apprentice training in Carletonville to service mines in that area. This will supplement the expanded facilities at Welkom and at this mine and will enable the ratio of apprentices to artisans to be increased to 1:2.

The black-white wage gap in the mining industry is closing slowly, but there will have to be further substantial increases in the real earnings of the lowest paid workers to raise them to the rates paid in heavy industry and to provide an acceptable standard of living for their families.

Mr. N. F. Oppenheimer: potential new gold mine at S.A. Land

I commented in my review last year on the possibilities which exist for the establishment of a gold mine in an area around the old No. 5 shaft of the defunct Van Dyk Consolidated Mines Limited to the west and south of Sallies workings. In preparing the detailed feasibility study, account has had to be taken of contradictory geological and sampling information which has only recently come to light and which suggests that the extent and value of the ore reserves and the potential reserves might not be as great as was thought previously to be the case. However, it is a well-known feature of the East Rand that it is especially difficult to estimate ore reserves because gold deposits are concentrated generally in paystreaks of irregular width which become narrower towards the south and tend to be erratic. After exhaustive research it is considered that an opportunity may exist, in the long term, for the development of a new gold mine and I believe that this opportunity should be examined further. It has been decided, as a first step, to conduct a comprehensive underground sampling programme which, if successful, may be followed by a major capital expenditure project. The sampling programme will involve the installation of a hoist in the Van Dyk No. 5 sub-vertical shaft together with the necessary electrical reticulation and pumping facilities to dewater the underground workings.

It is not possible for the company to finance both the cost of the sampling programme as well as current capital projects or those which will be embarked upon shortly, from cash flows generated by its normal operations. In view of this it is intended to make a rights offer to shareholders to raise an amount considered adequate to cover the anticipated costs. Detailed proposals are being prepared and will be circulated to members shortly.

The Annual General Meetings of these companies, all of which are incorporated in the Republic of South Africa, will be held in Johannesburg, South Africa, on April 21, 1981. Copies of their annual reports may be obtained from the London Office at 40 Holborn Viaduct, London EC1P 1AJ or from the office of the United Kingdom Transfer Secretaries, Chartered Secretaries Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

COMPANY ANNOUNCEMENT

The South African Land & Exploration Company Limited

Incorporated in the Republic of South Africa
PROPOSED RIGHTS OFFER TO MEMBERS

The attention of members is drawn to the chairman's review for 1980 which is advertised in the Press today, and also to the annual report which was posted to members on March 30 1981. It will be noted from these documents that it is intended to make a rights offer of shares to finance underground sampling from the old Van Dyk No. 5 shaft. The technical advisers estimate that approximately R13,000,000 will be required to cover the costs both of the proposed underground sampling programme and of other capital projects either currently in progress or to be embarked upon shortly.

The directors have accordingly decided to make the offer to members registered in the books of the company at the close of business on Friday, April 24 1981 (see note below), and to holders of share warrants to bearer issued by the company. Applications will be made to The Johannesburg Stock Exchange and The Stock Exchange in London for listings of the shares to be offered, which will, upon issue, rank pari passu in all respects with the existing shares in issue.

Details of the offer, including the number of shares to be offered, the ratio and the issue price, will be published in the Press in due course. A circular containing a copy of a report by the company's technical advisers, together with full details of the offer, will be posted to members from the Johannesburg and United Kingdom offices of the company. The circular will be accompanied by renounceable letters of allocation in respect of members' rights arising from their holdings in the company on April 24 1981.

In order to participate in the offer, holders of share warrants to bearer must lodge their share warrants and talons at the offices of the company's transfer secretaries in the United Kingdom. Certificates for the new shares to be issued in terms of the offer will be issued in registered form only.

Note: The offer will not be registered with the Securities and Exchange Commission, Washington. The offer will not be open for acceptance by persons with registered addresses in the United States of America. The rights which are thus not available for acceptance by such persons will, if possible, be sold on the London or Johannesburg stock exchanges through an independent merchant bank for the account of such persons, and details of the arrangements in this regard will be sent to members with registered addresses in the United States of America. If such rights are sold on the Johannesburg Stock Exchange then in terms of South African exchange control regulations the proceeds will constitute financial rand.

Johannesburg: March 31 1981
Copies of this announcement are being posted to all members at their registered addresses.



A CIRCULAR TO MEMBERS

Elandsrand Gold Mining Company Limited

Incorporated in the Republic of South Africa
ADDITIONAL CAPITAL REQUIREMENTS

Increase of Capital and Proposed Rights Offer

In the directors' report for 1979, reference was made to the arrangements relating to the financing of post-production expenditure and the fact that much would depend on gold production from early stopping operations and on the prevailing gold price. It was hoped that sufficient funds would be realised to meet the continuing capital expenditure programme necessary to bring the mine to full production, any shortfall would be covered by bridging finance arranged with Anglo American Corporation of South Africa Limited.

The company at present has loan facilities of R40 million from Anglo American Corporation of South Africa Limited. Drawings against these facilities bear interest at a rate one per cent above the minimum overdraft rate charged by the commercial banks from time to time, and there is a commitment charge of one per cent per annum on the undrawn balance. As at February 28 1981, the total amount borrowed in terms of these arrangements amounted to R38,614,000.

The mine's priority programme is the urgent development of a sub-vertical shaft system on which capital expenditure is proceeding as fast as possible. When completed, the system will facilitate the exploitation of the higher-grade reef at lower levels in order to realise fully the mine's considerable profit potential. In the circumstances, the directors consider it appropriate to raise the further capital required to bring the mine to its full production of 190,000 tons a month by way of a rights offer. The amount which it is proposed to raise will be about R120 million.

The company at present has an authorised capital of R16,000,000 in 80,000,000 shares of 20 cents each, of which 75,484,288 shares have been issued. It is proposed to convene a general meeting of members to follow the annual general meeting scheduled for April 21 1981, at which members will be asked to consider a special resolution increasing the authorised capital to R21,000,000 in 105,000,000 shares of 20 cents each. Subject to the passing of this resolution, the company will then have 29,515,762 shares in reserve, which will give the directors the necessary flexibility in fixing the terms of the proposed offer.

At the general meeting, members will be asked also to consider an ordinary resolution placing the reserve shares under the control of the directors and authorising the directors to make appropriate arrangements for the subscription by underwriters of any shares offered by way of rights issues and not taken up by the persons entitled thereto, and of any shares resulting from the consolidation of any fractional entitlements.

No portion of the capital of the company is under option or, conditionally or unconditionally, committed to be put under option. No capital has been issued since the date of the last published audited financial statements, nor is it proposed (other than as set out in this circular) that any capital be issued for cash or otherwise, nor have any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of the company been granted.

Subject to the passing and registration of the special resolution increasing the company's authorised capital, it is proposed that the rights offer should be made to members registered in the books of the company at the close of business on Friday, April 24 1981, the "record date" (see note below). Applications will be made to the Johannesburg Stock Exchange and The Stock Exchange in London for listings of the shares to be offered, which will, upon issue, rank pari passu in all respects with the existing shares in issue.

Details of the offer, including the number of shares to be offered,

the ratio and the issue price, will be published in the Press in due course. A circular containing a copy of a detailed report by the company's technical advisers on the progress of the mine, together with full details of the offer, will be posted to members from the Johannesburg and United Kingdom offices of the company. The circular will be accompanied by renounceable letters of allocation in respect of members' rights arising from their holdings in the company on the record date.

Note: The offer will not be registered with the Securities and Exchange Commission, Washington. The offer will not be open for acceptance by persons with registered addresses in the United States of America. The rights which are thus not available for acceptance by such persons will, if possible, be sold on the Johannesburg Stock Exchange through an independent merchant bank for the account of such persons, and details of the arrangements in this regard will be sent to members with registered addresses in the United States of America. If such rights are sold on the Johannesburg Stock Exchange then in terms of South African exchange control regulations the proceeds will constitute financial rand.

Increase in borrowing powers

The borrowing powers of the directors are at present limited by the company's articles of association to a maximum of R40 million. It is clear that these borrowing powers, which were fixed when the company was incorporated in 1974, are inadequate under present conditions.

At the general meeting members will therefore be asked to consider a special resolution amending Article 88 of the company's articles of association in such a way as to give the company minimum borrowing powers of R100 million.

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Elandsrand Gold Mining Company Limited will be held at 44 Main Street, Johannesburg, on Thursday, April 21 1981, at 09h15 or immediately following the adjournment of the annual general meeting of the company convened for 08h00 on that day, whichever is the later, for the following purposes:

1. To consider and, if deemed fit, to pass the following resolution as a special resolution:

"That the authorised capital of the company be and it is hereby increased from R16,000,000, divided into 80,000,000 shares of 20 cents each, to R21,000,000 divided into 105,000,000 shares of 20 cents each, by the creation of 25,000,000 shares of 20 cents each, which shares shall, upon issue, rank pari passu with the existing shares of the company."

2. To consider and, if deemed fit, to pass the following resolution as an ordinary resolution:

"That, subject to the passing and registration of the special resolution increasing the capital of the company from R16,000,000 to R21,000,000, the directors be and they are hereby authorised: (a) To allot and issue all or any portion of the 25,515,762 unissued shares of a nominal value of 20 cents each in the capital of the company at such time or times, to such person or persons, company or companies, and upon such terms and conditions as they may determine, the aforesaid authority to remain in force until the next annual general meeting of the company; (b) To make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of: (i) any shares offered by way of rights issues but not taken up by the persons entitled thereto; and (ii) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on the Johannesburg and/or London stock exchanges during the period which they are quoted on such stock exchanges will be sold by the underwriters, and the net proceeds of any sale of such rights exceeding five pence in the case of any individual shareholder shall be paid to such shareholder. Any net proceeds of less than five pence per shareholder shall be paid to the company."

3. To consider and, if deemed fit, to pass the following resolution as a special resolution:

"That clause 88 of the company's articles of association be deleted and the following inserted in place thereof:

"88(a) Subject to the provisions of sub-article (b) hereof, the Directors may borrow or raise from time to time for such purposes as the Company may from time to time deem fit: (b) The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by the Group (excluding inter-group borrowings but including the principal amounts secured by any outstanding guarantees or sureties given by any company in the Group for the share capital or indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised) shall not without the previous sanction of an ordinary resolution of the Company exceed the aggregate of: (i) One hundred million rand, or (ii) The total of: (a) the nominal amount of the issued and paid up share capital for the time being of the Company (subject to any variations therein since the date of the last accounts referred to in this clause) and (b) the aggregate of the amounts standing to the credit of all capital and revenue reserve accounts, any share premium accounts and the profit and loss accounts as set out in the consolidated balance sheet of the Company and its subsidiaries certified by the Company's Auditors and as attached to or forming part of the last accounts of the Company which shall have been drawn up to be laid before the Company in General Meeting at the relevant time; whichever is the greater amount."

provided that no such sanction shall be required to the borrowing of any moneys intended to be applied and actually applied within ninety days in the repayment (with or without premium) of any moneys then already borrowed or raised by the Group (excluding inter-group borrowings but including the principal amounts secured by any outstanding guarantees or sureties given by any company in the Group for the share capital or indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised) shall not without the previous sanction of an ordinary resolution of the Company exceed the aggregate of: (i) One hundred million rand, or (ii) The total of: (a) the nominal amount of the issued and paid up share capital for the time being of the Company (subject to any variations therein since the date of the last accounts referred to in this clause) and (b) the aggregate of the amounts standing to the credit of all capital and revenue reserve accounts, any share premium accounts and the profit and loss accounts as set out in the consolidated balance sheet of the Company and its subsidiaries certified by the Company's Auditors and as attached to or forming part of the last accounts of the Company which shall have been drawn up to be laid before the Company in General Meeting at the relevant time; whichever is the greater amount."

For the purposes of the said limit the issue of loan capital shall be determined to constitute borrowing notwithstanding that the same may be issued in whole or in part for a consideration other than cash. For the purposes of this Article, "Group" shall mean "the Company and the subsidiary companies for the time being of the Company."

No lender or other person dealing with the Company shall be concerned to see or enquire whether this limit is observed. The reasons for proposing the above special resolutions are given in the above mentioned circular, and the effects of the resolutions are apparent from the resolutions.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

The head office and United Kingdom transfer register and registers of members of the company will be closed from April 13 to 21 1981, both days inclusive.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries

per G. R. Bull
Divisional Secretary

Registered Office: 44 Main Street, Johannesburg 2001. Postal Address: P.O. Box 61587, Marshalltown 2107. London Office: 40 Holborn Viaduct, London EC1P 1AJ.

March 30 1981

Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Crd	14%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams & Glyn's	12%

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FINANCIAL NEWS

Interim profits halved at Newman-Tonks

By Our Financial Staff
Metal engineering group Newman-Tonks saw its pretax profits more than halved to £520,000 in the first half. However, the dividend for the first half to January 31 has been maintained at 2.36p gross, helping the shares to rise 3p to 52p yesterday.

Mr Michael Wright, the chairman, said that the final payment would depend on the overall results this year and the outlook for 1981-82. At the moment he sees little sign of improvement in the United Kingdom, where the group's operations have been hit by the recession, with margins under heavy pressure.

A difficult first half in this country was exacerbated by two overseas contributors—Aus-

tralia and South Africa—failing to meet their targets. However, those operations are now expected to meet their budgets this half, and Mr Wright expects to see an improvement in group trading profits, "provided there are no unforeseen circumstances", during the last part of the group's year, ending on July 31.

Sales in the first half fell by nearly 17 per cent to £16.2m and the pretax profit of £520,000 included a £100,000 profit realized on the sale of surplus property.

Last year Newman-Tonks's profits fell by 39 per cent to £1.87m pretax, but the group paid the increased dividend forecast in a rights issue document after which it had to make a £348,000 transfer from reserves to meet its extraordinary items.

Wereldhave and Camp form joint company

By Peter Wainwright
Wereldhave the quoted Dutch property group, and Camp International Property Investments of Canada have established a joint United Kingdom-based company, Canadian Dutch Properties. Both the shares and the running of the new company will be divided equally. Its brief is to find property development opportunities in the United Kingdom and on the Continent.

The first investment is the purchase from MEPC of Dorset House, Hatfield, London, for about £3m. This building was until recently occupied by IPC. It is south of Blackfriars Bridge, opposite the IPC Tower at King's Reach, and close to Lloyds Bank Computer Centre.

Canadian Dutch Properties plans to spend about £7m on refurbishing the offices. The work should be finished by the summer of 1982. The board of Canadian Dutch will be six strong.

The parent of Camp International is Camp Investments, a private Canadian company based in Montreal. It is owned by trusts belonging to the Bronfman family, which, among other things, owns nearly a third of Seagram. Camp also has nearly two fifths of Cadillac Fairview Corporation, one of the world's largest property companies with gross assets of more than \$360m.

Wereldhave's shares have been listed in Amsterdam since 1946, and in London since 1979. It pays no tax on Dutch profits as long as all investment income is paid out every year in dividend. In the 1970s the group ventured into France, West Germany, Belgium, the United Kingdom and the United States.

Low and Bonar slips, but shares reach new high

By Our Financial Staff
Textiles and packaging group Low and Bonar, of Dundee, had its first profits setback in six years with a downturn of 15 per cent.

Pretax profits fell by £1.4m to £7.6m in the 12 months to last November 30 while turnover advanced from £142.8m to £151.6m. The results were in line with expectations and the shares reached a new high of 200p, a 12p rise, after the announcement.

The downturn came from the United Kingdom packaging and engineering operations in a year when the group was trying to reduce its dependence on textiles, mainly in Africa. But this operation managed to remain steady and thus produced 43 per cent of the group profits compared with 38 per cent last year.

Nairn Travel, however, which contributed for five months, benefited from sterling's



Mr Alan Miller, chairman of Low and Bonar.

just under a quarter of group earnings.

Overall exchange losses cost the group £387,000 in pretax profit, against a loss of £26,000 in 1979. The bulk of the currency appreciation was against the Canadian dollar.

Interest charges rose by £250,000 during the year to £2.1m with borrowings up by £1m to £10m. Reorganization and relocation costs and losses on the disposal of properties cost Low and Bonar £55,000 in extraordinary items, against the previous year's £119,000, leaving retained profit of £2.57m compared with £3.76m.

The final dividend has been maintained at 13.57p gross, which gives an unchanged total of 20.21p and provides a yield of 10.35 per cent.

With the trading climate marginally worse in the second half the group has not made a profit forecast for the current year but it indicated that confidence in the government belief that there was no sign yet that the bottom of the recession had been reached.

Granada on course, but TV rental trade slows

Granada group's profits for this year are as budget, and exceed those of the period last year, Mr Bernstein, chairman, told annual meetings. In the year September 27, Granada in £42.9m in pretax profits.

Mr Bernstein said that Granada purchased nearly £4m of general insurance, Euronel, based in Brussels, whose business is similar to that of Granada's existing Belgian insurance, pany, L'Etoile.

Mr Bernstein said that colour television rental business is slow but video recorder sales are growing fast. Although this will not be reflected in profits for two or three years a good base is being established.

He confirmed that Granada has received acceptance of 50 per cent of the shares for in Whitley Bay Entertainment and now has control of the company.

M. J. H. Nightingale & Co. Limited

1980-81							
High	Low	Company	Price	Ch'ge	Gross Div.(p)	%	P/E
75	39	Airsprung Group	67	—	6.7	10.0	6.0
50	21	Airming & Rhodes	50	—	1.4	2.8	20.6
192	92	Bardon Hill	189	—	9.7	5.1	7.1
98	88	Deborah Services	95	—	5.5	5.8	4.7
126	88	Frank Horsell	106	—	6.4	6.0	3.3
110	39	Frederick Parker	49	—	1.7	3.5	21.3
110	73	George Blair	73	—	3.1	4.2	—
110	59	Jackson Group	107	—	6.9	6.4	4.1
124	103	James Burrough	118	—	7.9	6.7	9.7
334	244	Robert Jenkins	325	—	31.3	9.6	—
55	50	Scrutons "A"	51	—	5.3	10.4	3.7
224	215	Torday Limited	215	—	15.1	7.0	3.7
23	8	Twinkl Ord	10	—	—	—	—
90	69	Twinkl 15% ULS	72	—	15.0	20.8	—
56	35	Unilock Holdings	46	—	3.0	6.5	7.1
103	81	Walter Alexander	100	—	5.7	5.7	5.5
263	181	W. S. Yates	259	—	13.1	5.1	4.9

Blue Bird sees interim dip to £115,000

By Our Financial Staff
West Midlands-based Blue Bird Confectionery Holdings saw pretax profits dip from £241,000 to £115,000 in the six months to December 27. Turnover fell from £5.6m to £5.2m. The interim dividend is maintained at 2.07p gross.

Commenting on the dividend payment the board says that it should not be taken as an indication that it intends to maintain the final.

Overall, they say, the company is weathering the recession reasonably well and the balance sheet remains strong, but the decision to keep the workforce intact has cost some £100,000. This policy may have to be reviewed.

Tax takes £22,000 from the profits against £94,000 last year.

Anglo American rights issues

Elandsrand and South African Land and Exploration, two gold mines in the Anglo American group, are to make rights issues. The terms have not yet been announced, but Elandsrand proposes to increase its authorized capital from £16m (£8m) in 80 million shares to £21m in 105 million shares.

The funds will be used to finance further evaluation by Sallies of the Van Dyke deposit adjacent to the mine. The work is expected to cost about £10m. Elandsrand's cash will be devoted to capital expenditure on developing the mine.

APV to concentrate expansion overseas

By Catherine Gunn
APV Holdings, the process and heat-transfer equipment manufacturer, is to concentrate its expansion overseas, Mr Harry Benson, the chairman, said yesterday. "Any expansion we have will certainly be overseas and not in this country unless we have a drastic change here," he said.

Mr Benson said that the group's United Kingdom profits would fall this year. Demand for its capital goods remains weak here, but the picture overseas is considerably brighter. However, it is too early to tell whether rising overseas profits in 1981 will offset the downturn here, Mr Benson says.

Group profits slipped slightly last year to £21.1m pretax at December 31, but the board decided to take advantage of good dividend cover to raise the final payout by 10 per cent, giving a total for 1980 of £2.9p gross, a 7.14 per cent increase.

The share price rose 5p to 24 1/2p after the results, later easing to 24p. The 1980 dividend is 43 times covered on a historic basis and 1.4 times by current cost profits of £10.5m.

Group sales of £282m were 7.5 per cent better than in 1979. Before netting out inter-

Arcliffe holds payo after fall for year

Arcliffe Holdings has raised its dividend at 3.8p for 1980. Turnover rose £4.7m to £47.5m but profits fell from £656,000 to £484,000. Earnings a share were 8p against 13.1p.

The group recovered the second half, Mr M. J. H. Nightingale, chairman, says. The year-end results have proved considerably better than expected, and numbers of houses and held available for sale have been significantly reduced.

Cavenham complete switch to food

Cavenham's plan to dis of all its manufacturing vities and to concentrate food retailing is now pleted. The group has converted its holdings ordinary shares in its U States holding company preference shares, allowing main group to concentrate its United Kingdom activity.

Cavenham will now have income from its cumulated preferred share investments of \$15.18m a year and its activity will now consist of Allied Suppliers Group in United Kingdom.

Automated Securities up despite difficulties

By Rosemary Unsworth
Bankruptcies and companies going out of business during the recession have taken their toll of profits at Automated Security (Holdings), the rental security alarm business.

Although pretax profits climbed by 21 per cent from £1.55m to £1.88m in the year to last November 30, the group found that it had £300,000 more of bad debts than usual. Turnover rose by 22 per cent from £11.1m to £13.6m.

Interest charges also increased from £504,000 to £739,000 as borrowings rose from £2.1m to £2.3m, although the group's cash position improved from £400,000 to £900,000 at the year end.

Mr Thomas Buffett, the chairman, said that the two main factors affecting turnover and profit were interest rates and the collapse of the retail sector. "With more than 40,000 closures up and down the country we have had to take our fair share of bad debt. After all companies don't go bankrupt without owing someone something."

But he stressed that the group was planning to strengthen the density of security rental operations by paying increased attention to the relatively untapped domestic market. Mr Buffett said that rented security alarms should have more appeal than the domestic market, as they are fully maintained.

Rental income improved by 27 per cent to £5.2m last year while gross rental assets under the company's control increased by 34 per cent to £17m. Meanwhile "the motivating forces in the market, security demands due to crime or fire and property protection with high insurance costs and electronic security for labour savers, are still favourable", Mr Buffett said.

The group is also setting its sights on increased coverage of the North American market through investment in high technology alarms, as well as an increased number of joint ventures with European partners.

The final dividend has been increased from 1.75p gross to 2p making a total of 3.42p against 2.86p.

Amalgamated Estate expansion

Property group, Amalgamated Estates has contracted to two properties and rep yesterday that it needs to about £2m. Arrangements been made for the provision the finance and it will necessary to raise the ar borrowings in the year to September 30 1980, group's pretax loss inc from £167,000 to £178,000.

Half-time slip at Ferry Pickering

With turnover slightly l at £4.03m, compared £4.07m, pretax profits of £16,000, compared £15,000, Ferry Pickering-based F Pickering & Co. contrib from £746,000 to £654,000 in six months to December 1980. But the group is now ing an increase in dem which if sustained, will j an outlook of quiet confide Ferry Pickering cover pri packaging and publishing.

Interim payment raised by Emess

Although turnover of Lo based Emess Lighting spu by 43 per cent to £1.35m the half-year to end-Decem profits slipped to £170,000, from £162,000. But board, lifting the interim dent from 3.57p to 3.92p explains that Emess produc "resilient performance" in half-year in "difficult and ppetitive" conditions.

Quick cuts payout after 88pc fall

By Catherine Gunn
Manchester Ford dealer H & J Quick has reported an 88 per cent pretax profit fall to just £128,000 for the year to December 31. The total dividend has been halved to 1.64p gross. Quick made £1.1m pretax in 1979.

These results were in line with market expectations after a similar performance in the first half. But with no interest shown in the shares after a spate of poor figures from car dealers, the share price came back 1p to 34p after the figures.

Demand for new cars fell steeply last year and a 5 per cent rise in group sales to £81.1m, masked a dramatic fall in volume. Quick delivered 13,335 new vehicles in 1980, against 14,287 the year before. New car volume was down by about 12 per cent, Mr Norman Quick, the group's chairman and managing director, said while new truck volume fell by about a quarter. As a result, group trading margins were forced down by 35 per cent.

Interest costs leapt by 38 per cent to £1.14m while bank overdrafts rose by two-fifths to £3.55m. More than half of the cost of deposits paid to Ford on new cars before delivery to Quick. But stocks themselves are lower now after the strike of Ford's own delivery drivers.

The new car market is showing a glimmer of an improvement, Mr Quick says, while the fleet market is defin improving. But the common vehicle market remains depressed.

Used cars which pr about a fifth of group s are selling better now. F and servicing account about a tenth of Quick's sales. Last year parts did but servicing suffered public doing less motorin.

Mr Quick believes that a taken in the first half vented a worse decline in second. But he sees little h a recovery in the car m until the second half of particularly after the But increase in petrol prices. he will not make any com on the likelihood of a r to 1979 dividend levels in the autumn.

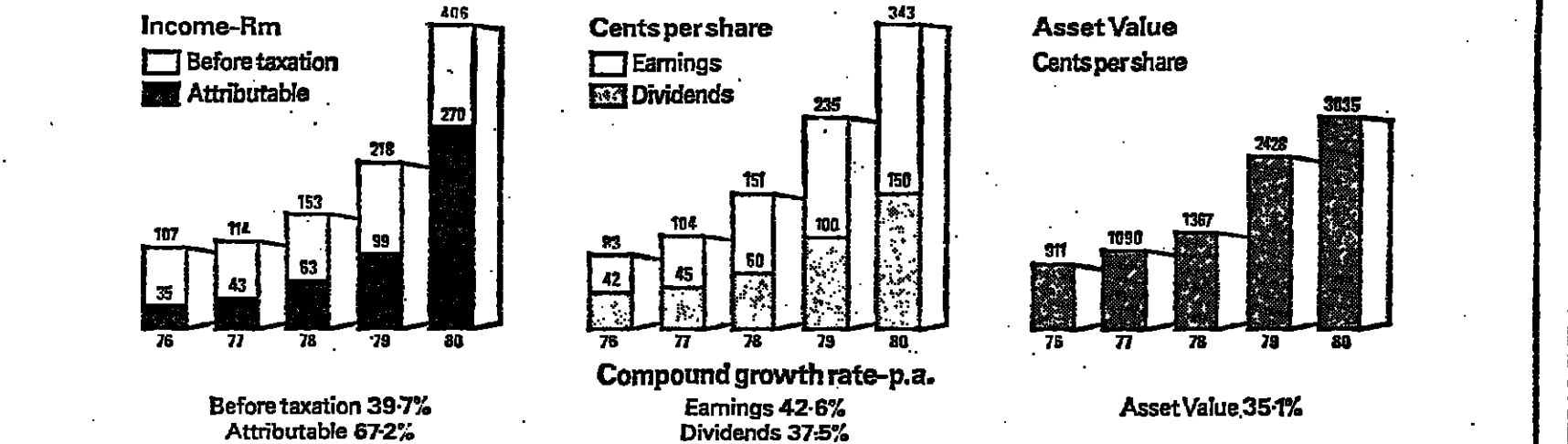
Business appointments

New director for Trident General

General Mining Union Corporation Limited

(Incorporated in the Republic of South Africa)

Salient features of the Review by the Executive Chairman, Dr. W. J. de Villiers



HIGHLIGHTS OF THE 1980 YEAR

Union Corporation Limited became a wholly owned operating subsidiary on 26 March 1980.

* A rights offer of 12,600,000 ordinary shares of 40 cents each was made to shareholders registered on 21 March 1980 on the basis of 30 new shares at 1,500 cents each for every 100 shares held. The offer was accepted in respect of 99.24 per cent of the shares.

* Beatrix Mines Limited announced that it was proceeding with the development of a new gold mine in the Orange Free State at a cost of approximately R327 million in 1980 terms. The mine will provide work for 7,550 people.

* Construction work was started on a gearbox and axle project. It is estimated that costs of the first phase will amount to approximately R60 million and that production will start in 1981.

* The following major companies became operating subsidiaries:

- Trek Beleggings Limited (interest increased from 18.3 per cent to 51.8 per cent) which had a turnover of R309 million in 1980.
- Kanhyam Investments Limited (interest increased from 38.8 per cent to 51 per cent) which in turn obtained an interest of 51 per cent in Karoo Meat Exchange Limited. Turnover of the Kanhyam Group for the past year amounted to R360 million.
- Dunswart Iron & Steel Works Limited (interest in ordinary shares increased from 35.5 to 71.4 per cent) which had a turnover of R86.4 million in 1980.
- The Group acquired interests of 16 per cent in Siemens SA Limited and 9.6 per cent in Sentrachem Limited and increased its existing interest in Haggie Limited to 27.6 per cent.

TURNOVER

The turnover of the Group including administered companies amounted to R4,582 million compared with the previous years as follows:

1980	1979	1978	1977	1976
Rm	Rm	Rm	Rm	Rm
4,582	3,202	2,410	2,060	1,800

CONTRIBUTION TO ATTRIBUTABLE INCOME

For comparative purposes pro forma figures are given based on the assumption that Union Corporation was a wholly owned subsidiary in 1979 also.

	1980	Pro Forma	Actual
	Rm	Rm	Rm
Gold and uranium	116.8	44.2	29.4
Platinum	33.5	13.5	8.2
Coal	13.8	12.2	12.2
Metals and Minerals	0.6	6.7	5.4
Commerce and Industry	78.3	48.4	31.3
Financial	40.6	41.8	23.4
	283.6	166.8	109.9
Less: Interest and Exploration Costs	13.9	13.7	11.4
	269.7	153.1	98.5

The growth was mainly due to an increase in the average gold price, increases in production and the producer price of platinum and greater and more efficient use of industrial production capacity. The decrease in respect of metals and minerals resulted largely from recessionary conditions in consumer countries and provisions against investments and assets in this division.

SHAREHOLDERS' RETURN

The objectives in terms of existing Group policy are to obtain a yearly cumulative profit growth rate of at least 22.5 per cent and to maintain dividend distributions based on a cover of between 2 and 2.5 times.

FUTURE DEVELOPMENT

The long-term planning of the Group is aimed at ensuring continued growth by applying its available resources in such a manner as to ensure optimum returns from existing business undertakings, to obtain other established businesses and to launch new profitable ventures.

Forward planning of material capital expenditure for the expansion of production of existing operating units and for the establishment of new projects, is controlled on a Group basis. This facilitates not only the phasing of projects and planning of financing and profit growth, but also ensures that projects with the greatest profit potential are given preference in the allocation of Group resources.

Capital expenditure, mainly by gold and coal mining companies in the Group, over the next five to seven years will be about R1,200 million.

LABOUR MANAGEMENT AND TRAINING

The Group aims at the improvement, as far as possible, of the conditions under which Black employees work within the system of migratory labour by launching career orientated stabilisation projects, by modernising accommodation facilities, by creating leave and home visit schemes and by developing schemes to improve the living conditions of families in the Homelands. One of the most critical problems existing in the country at present is a serious shortage of skills. It is the Group's policy to overcome this shortage by training and more effective utilisation of manpower.

PROSPECTS FOR 1981

The large fluctuations in the Gold price during the past fifteen months make it impossible to predict, with any confidence, a realistic average price for 1981. Although the Group has great confidence in the long-term future of gold, it is possible that in the short term the price will fluctuate between \$450 and \$600 during 1981.

As far as platinum is concerned, the continued recessionary conditions in the USA, Europe and Japan do not indicate any noteworthy improvement in the prospects for 1981.

The development of a number of projects in the Coal Division as well as increases in prices in the export market, will result in some growth in 1981, and further satisfactory growth over the next few years. It is expected that the Metals and Minerals Division will be affected

by recessionary conditions in foreign consumer countries and the consequent severe competition among producers. No particular growth is, therefore, expected in 1981.

In regard to the Group's industrial interests, the major problem continues to be the shortage of suitably trained technicians and artisans. The extent of the investment in the industrial sector at present is such that it provides a sound bulwark against the negative effect on Group income of large fluctuations in the gold price. In view of the continued economic revival which is expected in South Africa, a satisfactory growth in the contribution by the industrial sector in 1981 is foreseen.

Against this background and under normal circumstances with an average gold price of approximately \$500, reasonable growth in 1981 is expected.

Copies of the Annual Report, including the Chairman's full statement, may be obtained from The London Secretaries, General Mining Union Corporation (UK) Limited, 30 Ely Place, London EC1N 6UA.

Wall Street

Discount market

Foreign exchange report

Foreign exchange trading was very restricted yesterday as operators kept commitments down to a minimum pending the outcome of the talks between the German and Polish national strikes.

Most currencies fluctuated narrowly throughout in thin and nervous trading.

The pound closed about 50 points better at \$2,235.5 (vs. \$2,280), after a "high" of \$2,240, while the dollar closed at an average finished 10.2 up at 100.6 (vs. 100.7 for most of the session).

Small mixed movements occurred against Europeans like the mark, 4.703 (Friday, 4.7190) and the Swiss Franc, 4.2900 (4.2950) and the French Franc, 11.1100 (11.1050).

Undecided for much of the day, the dollar turned downwards late in the session, but managed to show falls against the Swiss Franc, 1.9220 (1.9335), the Guilders 2.3410 (2.3515) and the lira 1,057.50 (1,063.50). Still poorer was the yen, which fell 1.1000 (1.1050) finally improved to 2.1133 (2.1210).

Wall Street

New York, March 30. — Confusion over President Reagan's condition after an assassination attempt closed the New York stock market early and prices ended lower in moderate trading.

The market was firming earlier but abruptly reversed course after news of the shooting incident outside a Washington hotel.

be made in the morning about when the market would reopen.

Michael Metz of Oppenheimer & Co., said the market "absolutely stunned" by the report. He said it "was not clear what was going on and of course they closed down trading."

COLD futures rose around \$19.00 while CHICAGO LUMBER - March 30, 1981
\$26.30 to JUNE 1981 - March 30, 1981
\$11.00 to SEP. 1981 - March 30, 1981
\$11.00 to DEC. 1981 - March 30, 1981

The stock exchange did not issue a formal statement but a spokesman said an announcement would be made in the morning about when the market would reopen.

Mr. Michael Metz of Oppenheimer and Company said he was "absolutely stunned" by the report. He said it "was not clear what was going on and of course they closed down trading."

Yesterday's Wall Street and Canadian closing prices will appear tomorrow. Later publication, caused by the change to British Summer Time, will continue until Eastern Daylight Time begins in the United States.

Prices stabilized for a while on reports President Reagan was not hit by the shots. Later reports that he was in hospital with a chest wound sent prices falling again and trading was halted.

[illegible]

the assassination attempt on President Reagan.

Sterling: Spot and Forward

	Market rates 1989's strange	Market rates income	
New York	March 30	March 30	1 month
Montreal	\$2,290.0-340.0	\$2,330.2-290.0	\$2.58c disc
London	\$3,640.0-620.0	\$3,650.0-630.0	1.15-1.25c disc
Brussels	5.25-20.1	5.25-23.1	10-14c prem
Copenhagen	11.00-11.10	11.00-11.10	10-11c prem
Helsinki	14.75-35c	14.75-31c	pre-1000c disc
Rublin	1.2855-20.1p	1.2900-21.5p	20-33p disc
Frankfurt	4.80-7.00	4.80-7.00	40-45c prem or disc
Lisbon	12.00-20.0c	12.25-30c	15-35c disc
Ladrid	192.20-183.10p	192.20-183.10p	55-100c disc
Milan	12.00-15c	12.00-15c	15-35c disc
Oslo	12.00-15c	12.00-15c	15-35c disc
Paris	11.10-20.1	11.10-11.10	pre-500c disc
Stockholm	10.00-11.00	10.00-11.00	pre-500c disc
Tokyo	470-77c	471c-72c	50-150c prem
Vienna	\$3,30-355ch	\$3,30-355ch	pre-prem 300c
Zurich	4.25-24c	4.25-23c	24-34c prem

Effective Exchange rate compared to 1975 was up 0.3 at 100.6.

Other Markets

Australia	1 9200-1.9390
Bahrain	8 8415-0.8445
Finland	9 0955-9.1365
Greece	114.75-116.75
Hongkong	11.0990-11.0490
Iran	not available
Kuwait	0.6130-0.6160
Malaysia	5.1075-5.1375
Mexico	52.40-53.90
New Zealand	2.4280-2.4480
Saudi Arabia	7.48-7.51
Singapore	4.6625-4.6925
South Africa	1.7845-1.7995

Indices

	Bank of England Index	Morgan Guaranty Change
Sterling	100.6	-26
US dollar	100.5	-3
Canadian dollar	85.9	-17
Schilling	116.3	+21
Belgian franc	107.8	+19
Danish kroner	89.6	-10
Deutsche mark	121.1	+41
Swiss franc	116.1	+74
Guilder	112.7	+15
French franc	86.9	-9
Lira	50.4	-55
Yen	144.1	+39

Dollar Spot Rates

Ireland	1.7193-1.7
Canada	1.1877-1.1
Netherlands	2.3400-2.3
Belgium	34.85-3
Denmark	6.8550-6.8
West Germany	2.1125-2.1
Portugal	56.97-5
Spain	86.08-8
Italy	1057-7
Norway	5.3900-5.4
France	4.3350-4.3
Sweden	4.6150-4.6
Japan	211.40-21

Money Market Rates

Bank of England MLR 12%	
(Last changed 10/3/81)	
Clearing Banks Base Rate 12%	
Discount Mkt Loans%	
Overnight: High 12	Low 11;
Week Fixed: 12	
Buying	Treasury Bills (Disco)
	Selling

London cocoa
Futures 1

Futures steady
Cocoa futures fluctuated in a £13 per tonne trading range in London yesterday, to close £1.00 to £5.00 down on balance, slightly under midsession levels, but up from the "lows".

Turnover was 1,488 lots, including 378 lots crossed. Dealers said prices had eased on belated hedge and mixed selling, but shortcovering provided late support.

Colombia, Mexico sign Cocoa Pact: Colombia and Mexico, both cocoa-growing nations, have signed the new world Cocoa Pact, an International Cocoa Organization official said.

LME metal stocks
London Metal Exchange metal stocks, at 27 March, in metric tons, except as noted (with previous week in brackets): **Copper**, 117,025 (118,475); **Tin**, 5,565 (6,045); **Aluminum**, 43,125 (45,350); **Nickel**, 3,630 (3,696); **Lead**, 50,925 (53,050); **Zinc**, 88,850 (88,825); **Silver**, (in troy ounces), 24.25m. 24.01m.).

LME metal stocks

London Metal Exchange metal stocks, at 27 March, in metric tons, except as noted (with previous week in brackets): Copper, 117,025 (118,475); Tin, 5,565 (6,045); Aluminum, 43,125 (45,350); Nickel, 3,630 (3,696); Lead, 50,925 (53,050); Zinc, 88,850 (88,825); Silver, (in troy ounces), 24,25m. 24,01m.).

EMS Currency Rates

	ECU central rates	currency against ECU	% change from central rate	% change adjusted*	direct link plus/m-
Belgian franc	40.7885	41.6783	+0.23	+1.98	1.53
Danish krone	7.4603	7.59256	+0.93	+0.75	1.64
German D-mark	2.54502	2.62625	+3.12	+0.30	1.51
French franc	5.95626	5.95000	-0.09	-0.47	1.51
Dutch guilder	2.61318	2.61371	+0.02	-0.16	1.64
Irish punt	0.685145	0.697063	+1.74	+1.56	1.682
Italian lira	1263.92	1268.12	+0.41	+0.23	1.41

Adjusted for changes in the ECU therefore positive change denotes a currency. ^a Adjusted for sterling's weight in the ECU, and for the lira's weight in the divergence limits. ^b Adjustment calculated by The Times.

Euro-\$ Deposits

(%) calls, 13-14; seven days, 14-14¹/₂; one month, 15¹/₂-15¹/₂¹/₂; three months, 14¹/₂-15; six months, 14-15.

Gold

Gold fixed: am, \$529.50; an ounce
am, \$526.50 close, \$522.50.
Sterling (per coin): \$538
£240.75-242.25).
Sovereigns (new): \$132-134 (258

Three-sided merger in Australia

International

Pioneer Concrete Services plans to merge with Kathleen Investments (Australia) and Queensland Mines by offering to acquire all of the issued capital of both companies. Pioneer already holds a 59.11 per cent interest in Kathleen Investments through a company owned jointly with its 64 per cent-owned subsidiary Ampol Petroleum.

While neither Pioneer nor Ampol has any direct stake in Queensland Mines, Kathleen Investments holds 50 per cent of Queensland mines.

International

Pioneer said it expected moderate improvement in 1988 31 profits. First half net profit to December 31 rose by 31 per cent to \$A19.89m (\$10m) from \$A15.2m. The interim dividend has been maintained at 5 cents.

Pioneer said its Australian operations showed an acceptable improvement based mainly on its mining and associated activities.

Operations in south-east Asia, Italy and South Africa have improved, but returns from other European and North American subsidiaries reflect the generally subdued economic conditions prevailing in those areas.

The group's United Kingdom operation was particularly hard hit, suffering its first trading losses in many years.

Pioneer said there were signs of the worst of the decline in United Kingdom business was over, but no improvement expected before the start of next fiscal year on July 1.

Hongkong bank takeover

The Hongkong and Shanghai Banking Corporation said it had completed arrangements to acquire a 78 per cent interest in Equator Bank, a merchant bank incorporated in the Bahamas, which provides trade and project financing to west central and east Africa.

It said Wardley Ltd would acquire initially 72 per cent and Marine Midland Bank, a

The Hongkong bank group's interest cost US\$6.6m (£2.9m) and the present controlling shareholder, the Royal Bank of Canada, has withdrawn from Equator. The balance of the shares is held by Hartford National Bank of Connecticut and Helmboldt, Montgomery and Co.

Carlton and United

Carlton and United Breweries of Melbourne will buy the 19 per cent stake in Elder Smith Goldsbrough Mort now held by merchant bank BT Australia. Henry Jones (LXI) Ltd said.

In a statement detailing its own plans to merge with the South Australian Pastoral House, Jones said Carlton & United was making the acquisition after an offer received from BT Australia.

Authorized Units, Insurance & Offshore Funds

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Settlement Day, April 21

§ Forward bargains are permitted on two previous days

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